

What Will Capture The Spotlight In 2018? page 40

Automatic MERCHANDISER

The Vending, Micro Market &
Coffee Service Industry Resource

Powered by **Vending**
MARKETWATCH.COM

Redefining Convenience Services

NAMA 2018

Heidi Chico and Carla Balakgie
bring into focus a vision of the
evolving vending industry, what
it is and could become.

page 36



Recognizing
Excellence In
The Industry

page 18

Mobile App Promos
Can Lead To
'Macro Markets'

page 30

December 2017/January 2018

Exemplary

Dynamic

CONGRAT TO OUR CU

We are pleased to be partnered
whose innovation and commit



Generous

INDIVIDUALS

Dennis Horn, Blindster Vending

Mike Laurer, Five Star Food Service

David Lothian, PepsiCo

Terry A. Maggiore, American Vending Service

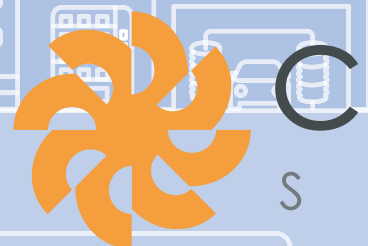
Tom Nesser, Sirness Vending

Geoff Pepp, A-Best Vending, Inc.

Inspirational

Quality

Delivering a turnkey, end-to-end ente



800.770.8539 • www.usatech.c

ULATIONS CUSTOMERS!

with these Pros to Know winners
ment set the industry standard.

CJ Recher, Five Star Food Service
Josh Rosenberg, Accent Food Service

TEAMS

J&J Vending Inc.
One Source Office Refreshment Services, Inc.

rprise platform for unattended retail.

cantaloupe

Y S T E M S

om • www.cantaloupesys.com

Contents

DECEMBER 2017/JANUARY 2018
VOLUME 59, NUMBER 8

RECOGNIZING EXCELLENCE IN OUR INDUSTRY



18 ▶ *The* 2017 PROS TO KNOW Awards



36 ▶ **Redefining Convenience Services: NAMA 2018**

Just as vending operators have blended their service offerings to include coffee and micro markets, the industry too is expanding into what is and could be convenience services.



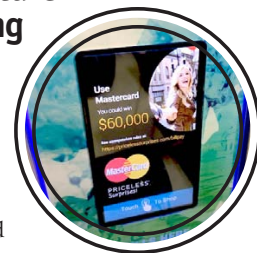
FEATURES

30 ▶ **Mobile App Promos Can Lead to 'Macro Markets'**

Promote the adoption of mobile apps on kiosks, flyers, brochures and more to really take advantage of their unique benefits.

32 ▶ **Video Screens Begin To Make Their Mark In The Future Of Vending**

Digital advertising campaigns on vending machines are easy to implement and have helped increase revenues for operators who have embraced the option.



40 ▶ **What Will Capture The Spotlight in 2018?**

The economy is looking good, so in the next year operators should plan for more micro markets, more single-cup in workplaces and investing in bringing vending into the limelight.

DEPARTMENTS

8 ▶ **Editor's Note** The Last Mile

10 ▶ **VendingMarketWatch News**

14 ▶ **OCS Update** 850 Thought Leaders Drawn To CTW 2017

42 ▶ **Classifieds**



PEPSICO

congratulates
David Lothian

Senior Director, Global
Vending Sales & Strategy



for being recognized as an
Automatic Merchandiser 2017
'Pro to Know.'

David is an inspiring leader who is dedicated to elevating this industry and driving growth for our partners. He is spearheading innovative initiatives, such as Hello Goodness, which is helping the industry answer the ever-changing needs of consumers today and tomorrow.

hello 
Goodness™

www.pepsicohellogoodness.com

© 2017 PepsiCo, Inc. All brands are the property of their respective owners.



Online Exclusives

AVAILABLE ONLY AT VENDINGMARKETWATCH.COM

BLOGS, PODCASTS & VIDEOS



► COLUMNIST: Are Longer Tweets Better for Marketers?

www.vendingmarketwatch.com/12381807

► BLOG: What Do 2018 Food Trends Mean For OCS And Micro Markets?

www.vendingmarketwatch.com/12384031

► BLOG: iGENs: The Who, What, Why — And Their Impact On The Workplace

www.vendingmarketwatch.com/12378422



► BLOG: Successful Facebook Engagement Strategy

www.vendingmarketwatch.com/12377685



► VIDEO: 3 Tips For Managing New Products In Your Warehouse

www.vendingmarketwatch.com/12377772

SPECIAL REPORT



3 Ways A Supplier Relationship Can Help Boost Micro Market Offerings

Stay on top of product offerings with these 3 tips.

Only Available from Micro Market News

SPONSORED BY 365 RETAIL MARKETS



Automatic MERCHANDISER



SouthComm
Business Media

Published by
SouthComm Business Media, Inc
PO Box 803 • 1233 Janesville Ave
Fort Atkinson WI 53538
920-563-6388 • 800-547-7377

Vol. 59, No. 8

BUSINESS STAFF

PUBLISHER **Ron Bean**
(920) 568-8386
Ron.Bean@VendingMarketWatch.com

MULTIMEDIA ACCOUNT REPRESENTATIVE **Julia Sheade**
(920) 563-1608
Julia.Sheade@VendingMarketWatch.com

LIST RENTAL **Elizabeth Jackson**
Account Executive
Merit Direct LLC
(847) 492-1350, ext. 18
ejackson@meritdirect.com

EUROPEAN SALES **Julian Maddocks-Born**
Sales Director
+44 (0)1442 230033
julian@itsluk.com

REPRESENTATIVE, ITSL MEDIA **Benedict Hume**
Sales Manager
+44 (0)1442 288287
benedict@itsluk.com

EDITORIAL STAFF

EDITOR **Emily Refermat**
(920) 563-1615
Emily.Refermat@VendingMarketWatch.com

ASSISTANT EDITOR **Hillary Ashley**
(920) 563-1609
Hillary.Ashley@VendingMarketWatch.com

SUPPORT STAFF

ART DIRECTOR **Erin Brown**

PRODUCTION DIRECTOR **Steve Swick**
PRODUCTION MANAGER **Barb Evenson**
Telephone: (920) 563-1629
Fax: (920) 568-2392
bevenson@southcomm.com

AUDIENCE DEVELOPMENT MANAGER **Terri Pettit**

SOUTHCOMM, INC

CHIEF EXECUTIVE OFFICER **Chris Ferrel**
CHIEF FINANCIAL OFFICER **Bob Mahoney**
CHIEF OPERATING OFFICER **Blair Johnson**
EXECUTIVE VICE PRESIDENT **Gloria Cosby**
VICE PRESIDENT, TECHNOLOGY **Eric Kammerzelt**
VICE PRESIDENT PRODUCTION OPERATIONS **Curt Pordes**
VICE PRESIDENT, MARKETING **Gerry Whitty**
DIRECTOR OF DIGITAL BUSINESS DEVELOPMENT **Lester Craft**

SUBSCRIPTION CUSTOMER SERVICE

877-382-9187; 847-559-7598
Circ.VendingMarketWatch@omedia.com
PO Box 3257 • Northbrook IL 60065-3257

ARTICLE REPRINTS

Brett Pettito, Wright's Media 877-652-5295, ext. 118
bpettito@wrightsmedia.com



The World Wide Vending Press Association



Automatic Merchandiser (USPS 017-280), (ISSN 1061-1797 print; ISSN 1948-5697 online) is published 8 times per year in March, April, May, June, August, September, October and December by SouthComm Business Media, LLC. 1233 Janesville Ave, Fort Atkinson, WI 53538. Periodicals postage paid at Fort Atkinson, WI 53538 and additional mailing offices. **POSTMASTER:** Send address changes to Automatic Merchandiser, PO Box 3257, Northbrook, IL 60065-3257. Canada Post PM40612608. Return undeliverable Canadian addresses to: Automatic Merchandiser PO Box 25542, London, ON N6C 6B2.

Subscriptions: Individual print subscriptions are available without charge to qualified subscribers in the U.S. Complimentary digital subscriptions are available to qualified subscribers worldwide. Please visit www.vendingmarketwatch.com and click on "Subscribe". Publisher reserves the right to reject non-qualified subscriptions. Subscription prices: U.S. \$36 per year, \$72 two year; Canada/Mexico \$62 per year, \$108 two year; All other countries \$88 per year, \$165 two year. All subscriptions payable in U.S. funds, drawn on U.S. bank. Canadian GST#R42773848. Back issue \$10 prepaid, if available. Printed in the USA. Copyright 2017 SouthComm Business Media, LLC.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recordings or any information storage or retrieval system, without permission from the publisher.

SouthComm Business Media, LLC does not assume and hereby disclaims any liability to any person or company for any loss or damage caused by errors or omissions in the material herein, regardless of whether such errors result from negligence, accident or any other cause whatsoever. The views and opinions in the articles herein are not to be taken as official expressions of the publishers, unless so stated. The publishers do not warrant, either expressly or by implication, the factual accuracy of the articles herein, nor do they so warrant any views or opinions offered by the authors of said articles.



The Clear Choice for Fresh Taste



Wraps • Deli-Style Sandwiches • Subs

Featuring our freshest tasting ingredients, like home-style breads, natural cheeses and premium meats. Protected in our Flavor-Guard™ packaging system to ensure fresh taste, up to 24 days.

Grow your business with Fresh-Cut® sandwiches



Average foodservice product
spoilage cost = \$879.00
per store, per month.

Source: NACS State of the Industry
Annual Report, 2015 data

Consumers want as much of the
deli **sandwich visible** as possible.
This allows them to see the freshness and
know that nothing is being hidden.



Source: Packaging Research, proprietary quantitative research, APF, 2016



Across all demographics,
Taste and Freshness
are the **#1 and #2 criteria**
for purchasing a sandwich

Source: Usage and Barriers Study, proprietary
quantitative research, APF



Contact your sales representative or visit www.freshcutsandwiches.com

©2017 Tyson Foods, Inc.

 Part of the Tyson
Foods Family.

The Last Mile

Is delivery of products one more service offered by forward thinking operators or will it redefine the entire industry?

Today our industry is much more than vending machines. It's much more than micro markets and single-cup coffee machines and point-of-use water filtration systems. None of these words talk about the service or relationships that operators (and their employees) foster. NAMA is attempting to encompass the industry as convenience

services, which it hopes includes all the products and equipment the industry delivers to customers, along with the services operators provide. It's a topic that NAMA CEO Carla Balakie and NAMA Chair Heidi Chico discuss in *Redefining Convenience Services: NAMA 2018* on page 36. In the article, Chico mentions that operators are great at small drop distribution and should use that to find a profitable position in the distribution chain.

The distribution chain

I thought this was an interesting idea since

historically the industry has really held onto a foodservice identity. It has defined itself around edible refreshment and not about the distribution or delivery portion of the business.

Adding to this was an article I read on CSPDailyNews.com, "Disruption Update: Vending Works Out Its Kinks," about transformative solutions that take a hybrid honor box, vending machine and micro market into a public setting. The latest is called Bodega, created by ex-Google employees, but there have been others, such as Shop24 and ShelfX. What struck me was that in the article Joe DePinto, president and CEO of 7-Eleven, Inc., considers convenience stores as competing to get goods and services to customers in the last mile of retail. The last mile is a term used in supply chain management that refers to delivering goods to the end point (be it consumers or businesses) from a more centralized transportation method.

Costly delivery solution

The last mile is often very costly, since it is hard to make it efficient. It's a struggle familiar to a range of industries from the U.S. Postal Service to fast food delivery. And now, convenience stores, apparently. So if one of our largest "refreshment" competitors is considering itself a part of the supply chain, what does that make us? After all, consumers go to the convenience store. Whereas, we go directly to the consumers, albeit at work. Can operators be a solution to ecommerce retailers like Amazon by delivering products and face-to-face service to the end user instead of trying to compete? I think it might be worth a try. Please share what you think in online comments or in an email to editor@vending-marketwatch.com. ◀



CAN we be the face of online retailers such as Amazon?

AUTOMATIC MERCHANDISER EDITORIAL ADVISORY BOARD

Anant Agrawal
Cantaloupe Systems

Brad Ellis
Crane Co.

Carl Moser
Cardinal Canteen
Food Service

Chuck Reed
Crane Payment
Innovations (CPI)

Elyssa Allahyar-Steiner
Avanti Markets Inc.

Jeff Whitacre
Food Express

Jim Carbone
Workwell Food &
Beverage/Truebrew Coffee
& Tea Outfitters

Jodi Glimpse
Camelback Vending

Joe Hessling
365 Retail Markets

Michael Miller
Mondelez International

Paresh Patel
PayRange

Paul Schlossberg
D/FW Consulting

Sandy Thornton
VendEdge

Nayax's Complete Solution



Cashless
Payments



Telemetry
System



Management
Suite



**Nayax meets all
your cashless
payment needs,
today & tomorrow!**



Consumer Engagement



Future-proof



Loyalty Programs



Congratulations to Greg Hasslinger!
A 2017 Pro to Know!

USA Technologies Acquires Cantaloupe Systems



Chowbotics: A Machine That Makes Salad

► Chowbotics has developed a vending machine that can make users a salad in less than a minute, according to Interesting Engineering. The vending machine, dubbed “Sally the Salad Robot,” is full of fresh ingredients that the user can choose from to create a seven-ingredient, personalized salad. It is designed to go into micro markets, co-working spaces or startup styles offices, according to the source.



AVS Holds Grand Opening At New Facility

► AVS Companies has recently moved into a new facility in the Minneapolis, MN area and celebrated with Grand Opening events on Nov. 8 and 9, 2017. Customers were welcomed into the office with an event for vending operators on Wednesday and amusement operators on Thursday. Attendees enjoyed a catered lunch and beverages, and received a commemorative gift from AVS, that was engraved on site.

USA Technologies, Inc. (“USAT”), a premier payment technology service provider of integrated cashless and mobile transactions in the self-service retail market, announced the completion of its acquisition of Cantaloupe Systems, Inc. (“Cantaloupe”), a premier provider of cloud and mobile solutions for vending, micro markets, and office coffee service, in a transaction valued at approximately \$85 million.

USAT paid \$65 million in cash and issued shares of USAT common stock valued pursuant to the merger agreement at \$19.81 million. USAT also assumed \$1.8 million of Cantaloupe’s notes payable. USA Technologies funded the transaction with cash on hand from the recent public offering which closed

in July 2017, and through a new \$37.5 million credit facility with JP Morgan Chase Bank, N.A. Cantaloupe is now a wholly-owned subsidiary of USAT and will continue to operate from its San Francisco, CA office.

Service and modernization will continue

“We anticipate that the combination of Cantaloupe’s award winning, proven Logistics and cloud technology; coupled with USA Technologies’ market-leading, robust and secure payment capabilities will bring a truly distinctive, turn-key enterprise solution to our market,” said Mandeep Arora, co-founder and chief executive officer, Cantaloupe Systems. “Together, we will ensure the industry continues to modernize.”



Coca-Cola Company Refranchises Bottling In U.S.

► Nearly a decade ago, The Coca-Cola Company began a journey to reshape its bottling system in North America with a plan to return the ownership of bottling operations to where they best perform - in the hands of local bottling partners. The company now marks a **major milestone** as nearly

70 independent Coca-Cola bottlers across the U.S. are now running their trucks and bottling operations as a fully refranchised system.

Five Star Retrofits Micro Markets With TriTeq System

► TriTeq Lock & Security LLC, a solution provider of electronic locks and monitoring technology in vending and micro-market retail, announced a comprehensive agreement with Five Star Food Service, a forward-looking



micro market, vending, coffee, and corporate dining services company. Five Star has begun a two-year initiative to retrofit its base of micro market based fresh food coolers and freezers with TriTeq Series 2000 FreshIQ Health Timer Locks for single and double door units.



Peet's Coffee & Fixturelite Partner On Micro Market Fixtures

► Fixturelite and Peet's Coffee have a new partnership brewing, as Fixturelite continues to innovate and expand our product offerings. Working with product brand managers to offer creative micro market graphics that promote the operator's supplier partners, was a logical next step.

Operators that exclusively use Peet's in their bean to cup systems that choose to designate their micro market + OCS or independent OCS offering will receive an initial complimentary product fill from Peet's (Whole Bean coffee, solubles, branded cups).



Swyft, Inc. Acquires Zoom Systems

► Swyft, Inc. announced the strategic acquisition of NewZoom LLC (ZoomSystems), the global leader in automated retail, in a cash and equity transaction. The Swyft purchase of ZoomSystems enables both companies to better serve a broader global customer base in both Automated

Retail and Retail Automation. The ZoomSystems automated retail stores for Best Buy, Benefit Cosmetics, Nespresso, Proactiv, UNIQLO and other iconic brands reach millions of consumers each day across North America and Europe. ZoomSystems provides brands and retailers an end-to-end solution, which includes access to thousands of locations in airports, malls and other high-traffic channels.



New Age Beverages Forms Agreement With Unified Strategies Group

► New Age Beverages Corporation, the Colorado-based leading all-natural and organic healthy functional beverage company announced that the company has signed an agreement with Unified Strategies Group (USG) to expand distribution to USG's more than 1,000,000 vending machines, 5,000 micro markets and over 1,800 client dining facilities throughout the U.S.

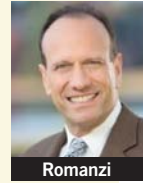
Crane Adds Remote Services To VendMAX

► Crane Merchandising Systems, a Crane Co. Company, announced the availability of its latest VendMAX release featuring the addition of remote services such as planogram updates and price changes, eliminating costly visits to machines.

People in the News

B&G Foods Appoints Kenneth G. Romanzi As Chief Operating Officer

B&G Foods announced the appointment of a newly created position, executive vice president and chief operating officer, to Kenneth G. Romanzi, effective December 4, 2017.



Romanzi

NAMA Coffee Services Hall Of Fame At CTW

NAMA inducted Dick Atnip of Atnip Co., Inc. and Stu Case of Avanti Markest into the NAMA Coffee Services



Atnip



Case

Hall of Fame at the Coffee Tea and Water show on Monday, November 6 in Grapevine, TX.

B&G Foods Appoints Bruce C. Wacha as Chief Financial Officer

B&G Foods announced executive vice president of corporate strategy and business development, Bruce C. Wacha, would be appointed executive vice president of finance and chief financial officer, effective November 27, 2017.



Wacha

365 Retail Markets Welcomes New Chief Revenue Officer

365 Retail Markets announces the recent appointment of Ed Chapel as chief revenue officer (CRO). As CRO, Chapel will be elevating the strategic vision of the 365 Retail Markets sales organization.



Chapel

Hillary Ashley Joins AM/VMW

Leading industry publication Automatic Merchandiser and VendingMarketWatch.com announce the newest member of its elite team, Hillary Ashley. Ashley previously worked in book publishing and brings a fresh perspective as the assistant editor.



Ashley

Mondelez International Names Glen Walter EVP and President,

Mondelez International announced that Glen Walter, 49, will join the company and become executive vice president and president, North America. In this role, he will be responsible for leading the company's \$7 billion business in the U.S. and Canada.



Walter

ACE 2017: 'Best Show Theme & Keynote Speaker In Many Years'

The Embassy Suites at Kingston Plantation was the chosen venue for the 64th edition of the Atlantic Coast Exposition (ACE) where operators and suppliers from all across the US gathered to take part in educational sessions, see and show new products and equipment.

The theme: "Kick Up Your Spurs at ACE 2017" produced many country and western looks across the venue. The exhibit halls were packed — each room filled with booths and exhibitors spoke of the increased operator traffic and excitement about the show. Participants from 32 states and Canada took part in this three-day convention that is the largest show of its kind on the East Coast and for the second year in a row, attendance has topped the 1,000 mark!

Networking and learning at ACE

Meetings were held by two of the state vending associations that partner in ACE: NCVA (NC Vending Association) and VAMA (Virginia Automatic Merchandising Association). This year there were also several educational sessions and panels.

Other events that offered networking opportunities included a twinkling "ACE Ho Down Party" with special entertainment by western performer and trick roper, Loop Rawlings. Also there was a "ACE Corn Hole Pool Party" to go with the theme and throughout the week, a country saloon provided beverages for the thirsty attendees.



Nayax Introduces PayMarket Kiosk

► Nayax is excited to introduce the PayMarket Kiosk, a stand-alone kiosk for indoor or outdoor use. Integrated with cashless payment capabilities, PayMarket is suitable for numerous applications giving businesses a flexible solution using customization and enabling consumer engagement. Applications for PayMarket include ticketing, donations, payments, check-in functions (trade fairs, hotels, etc.), self-ordering (QSR) and self-checkout (micro-markets, libraries, etc.).



2016 Industry Census Results Released

► The NAMA Foundation announced that the 2016 Industry Census Results are now available to both members and non-members on the NAMA website, www.namanow.org. The results, which include vending, micro markets, office coffee service and pantry service, were originally released at the recent Coffee, Tea and Water Show in Grapevine, TX.



VendCentral Launches ZippyLead

► VendCentral launches ZippyLead, a way for operators to see when a potential

vending, micro market or office coffee service account is looking at their website.

ZippyLead identifies who is on the website and what products or services they are interested in then immediately delivers operators a

real-time e-mail alert that includes the company name and website address while the prospect is still on the website. Then sales people can do a well-timed cold call and beat competitors to the punch.

CALENDAR OF EVENTS

MAR 3-6
China Int'l Vending
Machines & Self-Service
Facilities Fair 2018
China Import & Export Fair
Complex,
Guangzhou, Guangdong.
www.chinavmf.com/en/

MAR 15-17
NCA Annual Convention
New Orleans, LA
www.ncausa.org/convention2018

MAR 21-23, 2018
The NAMA Show
Las Vegas Convention Center
Las Vegas, NV
<http://thenamashow.org>

SEP 26-28
TMVA Annual Meeting 2018
Moody Gardens
Galveston, TX
tmva.org

Thank you to all of our customers,
partners and friends who continue to
believe in the Gimme team. Thank you
for constantly challenging us to push the
boundaries in our industry – we wouldn't
be here without you!



Evan Jarecki
Co-Founder & VP of Sales



Paul Woody
Director of Operations



Want to start pushing
boundaries together?
Get in touch with the
Pros to Know. Call us at
888-988-4161.



GIMME

850 Thought Leaders Drawn To CTW 2017

Cutting edge topics that drive new business, innovation and operator profits were featured at the 10th annual event.



Over a hundred exhibitors showcased their products and services during the trade show hours of the 10th Coffee, Tea & Water show.

Convenience Services

The CEO of NAMA, Carla Balakgie spoke to attendees about the industry, the role of NAMA and convenience services. It's a topic she feels passionately about. In a conversation with *Automatic Merchandiser* Editor Emily Refermat, she and Heidi Chico, NAMA 2018 Chair, share the vision for NAMA and the changes currently happening in the industry. **Read about Redefining Convenience Services on page 36.**



Top leaders in the vending, micro market and office coffee service segment came together to exhibit their latest and greatest at the Coffee, Tea & Water (CTW) show in Grapevine, TX. Having taken place Nov. 6 to 8, 2017, the 3-day event drew in 850 attendees, an increase from the year before and significant jump in participants from the initial event 9 years ago.

The focus of CTW has always been education and networking. The 2017 event delivered on both with over a dozen educational sessions and opportunities to talk to and learn from the segment innovators. In addition, the trade show floor boasted 114 exhibiting companies, 32 of which were at CTW for the first time.

Technology

Michael Kasavana MSU/NAMA Endowed Professor Emeritus moderated a session: "Protecting Your Business From A Cyber Threat," a timely topic given the breach experienced by micro market supplier Avanti Markets. John Reilly, president of Avanti Markets shared his experience as well as what processes the company will be keeping and changing in the aftermath of the breach. Other presenters included John Hickey, Co-Founder, Tech2Success; Chris Bucolo, MBA, PCIP Director, Market Strategy, ControlScan, Inc.; and Jon Harris, VP, Cybersecurity, Compass Group North America. The main take away — have a plan.





EL SABOR QUE NO SE DETIENE™

[THE FLAVOR THAT DOESN'T HOLD BACK™]



Add excitement to the office with the rich, authentic flavor of **Café Bustelo®**. Hot and iced coffee and specialty beverages come in popular formats, perfect for any office location.



AUTHENTIC & CONVENIENT FORMATS FOR YOUR OFFICE

Select Brew® C-60 Specialty Coffee System

Specialty coffee at
the touch of a button



Roast & Ground and Whole Bean

Enticing aroma and
flavor that stands up
to milk and sugar



Bustelo Cool®

Ready-to-drink
coffee beverages



©/© Rowland Coffee Roasters, Inc.

Call your Smucker Foodservice Sales Representative
or visit smuckerfoodservice.com for more information.



McCall



Healy



Bailey



Orlando

Hot Topic

One of the most well-attended sessions centered on workplace cafes, what they need to include and what makes them appealing to companies. The panel included Greg McCall, senior vice president of sales and marketing, Five Star Food Service, as the moderator; John Healy, Co-founder, The Vending Marketer; Heather Bailey, attorney, SmithAmundsen and Steve Orlando, co-founder, Fixturelite. McCall shared a story of creating a workplace cafe for a customer, what he calls a micro market lounge. It's a space with high top tables and chairs, ipads, comfortable furniture and gourmet coffee and specialty drink machines. The location wanted a program to make employees happy to come to work and reduce turnover. The updated break room was the answer.



Futurist Jim Carroll presented a new view of business to attendees at the keynote hitting home his message that you have to "Think Big, Start Small and Scale Fast."



New business and dealing with Amazon was on the agenda for the closing session with Jim Carbone, Workwell & Tradecraft, at left; Joe Hessling, 365 Retail Markets; Greg Sidwell, G & J Marketing and Sales; Chris Harkness, 7-Eleven; and Josh Rosenberg, Accent Food Services.

Research

Eric Dell, senior vice president, Government Affairs of NAMA released the NAMA Census data to eager CTW attendees on the final day of the event. It included the top-line outcome of research into the vending, micro market and coffee service segments as well as delving into pantry service for the first time. It is available at <http://bit.ly/2ztCCEU>.



Dell

Pantry Service

Tom Steuber, president and owner of Associated Services brought in his director of sales development, Kimberly Lenz, and a pantry service customer, Marnell Mullarkey, director of operations for Popsugar, to really dig deep into what pantry service is and means to a location. Mullarkey talked about how Popsugar decided to provide the well-stocked kitchen in order to compete with California tech companies that also provide refreshments. She works closely with Lenz to bring in new items and stay within the budget of \$4 per day for each employee each month.



Steuber



Lenz



NAMA Coffee Services Hall of Fame members were announced on Monday, Nov. 6: Stu Case of Avanti Markets, left, and Dick Atnip of Atnip Co., Inc., far right. In addition, the 2017 Coffee Legend, Ken Shea, President of Ken Shea & Associates and vice president of coffee service for G & J Marketing and Sales was recognized.

Always delicious coffee, all in a day's work.

Consistent, quality coffee helps any office power through the day. **Folgers®** branded coffee delivers the #1 brand in retail,¹ trusted to provide a rich and flavorful taste experience cup after cup. With a variety of roasts and convenient formats, make **Folgers** coffees the best part of the workday.

Call your Smucker Office Coffee Sales Representative for more information or visit smuckerfoodservice.com





The **2017** **PROS_{TO} KNOW** *Awards*

By Hillary Ashley, Assistant Editor

The fourth annual Pros to Know contains the best of the best in this industry. They have proven to not only be successful, but also to inspire greatness in others. All of the Pros to Know for 2017 have demonstrated that they have the gumption to overcome challenges and succeed. In 2017, just 27 individuals and 9 teams were selected for this coveted title out of 115 nominations.



Individual PROS TO KNOW 2017

(Listed alphabetically by company)

Chad Young, Director of Project Management, 365 Retail Markets

Young manages 365's initiative to develop a lower cost, yet still highly functional, self-checkout station for micro market locations under 150 employees. The result of this project is 365's highly successful nanomarket™ product. Young is also a key contributor to 365's Connected Campus™ ecosystem, which provides operators a single technology partner for all their micro market, vending and foodservice offerings. Through the introduction of 365's nanomarket, it has provided a solution for operators to open micro markets in locations where it was previously cost-prohibitive, thus giving operators an increased opportunity to reach customers and grow their business.



Young

Geoff Pepp, Key Account Manager, A-Best Vending Incorporated

Pepp works diligently to grow the customer base of vending, coffee, janitorial supplies and promotions for A-Best Vending Incorporated, earning him a place as a 2017 Pro To Know. He believes the challenges the industry will face in the coming year include the expense of new vending technology, staying ahead of the single cup coffee product diversity and the growth of micro markets.

Josh Rosenberg, President / CEO, Accent Food Service

Rosenberg is a dynamic leader with proven success in transforming organizations to achieve maximum revenue and profit growth. He has consistently been tagged as a transformation agent with defined achievements as a member of the integration team in charge of design, implementation, and eventual P&L ownership while in the Coca-Cola System. After leaving Coca-Cola, he put his experience to work in leading an under-performing sales organization while defining processes and over delivering results. As appointed CEO of Accent Food Services, Rosenberg is focused on defining core competencies, talent management, clear processes and culture.



Rosenberg

Terry Maggiore, Service Manager, American Vending Sales

Maggiore has been in the business since 1980. He owned his own operation and has worked in the industry as everything from a route man to a mechanic on the streets of Chicagoland. With American Vending Sales, Maggiore



Maggiore

spent more than 24 years growing and helping people do better in the industry. He understands machines, people and trouble shooting. He solves problems for many over the phone every day as service manager for the vending department at AVS and lives by the policy, "knowledge is nothing, if it is not shared."

Ken Kohles, President / CEO, The Amerivend Group, Retired

Kohles has been in the vending machine business for 43 years. He started his company after working 15 years in the business learning the ropes, and climbing to vice president of operations at the Countywide Vending company (subsidiary of the Wainrite Group) at the age of 24. Kohles built the Amerivend Co. from one piece of equipment into a brand in the New York metro area. Newly retired, now his daughter runs the company under her own name brand (Ocean Vending Services llc).

Shayden Demirel, Route Manager, Associated Services Coffee

Demirel has only worked at Associated Services a few short years, but identified its biggest concern: losing its core value of service. She worked to create a way to resolve that issue using both training and mentoring fellow employees. She is quoted as saying, "Without our team we are nothing, but with our team we are invincible." In three years she worked her way up to route supervisor thanks to her dedication to excellent service and growth. Demirel focuses on saying, "we can" instead of "we can't." It is why her team is shaping up to be the best of the best and what has earned her a place as a 2017 Pro To Know.

Rich Lau, Eastern Region Micro Market Expert, Avanti

Lau has over 30 years of successful experience in vending operations, equipment and, most recently, in micro markets. He has personally sold and managed more than 1,000 markets for Avanti. His reputation for integrity and service is impeccable. He is always available to help his customers make money, avoid mistakes and provide their customers with the highest level of service. His work has resulted in an enhanced image for the entire industry.



Lau



Individual PROS TO KNOW 2017 Continued

Dennis Horn, President, **Blindster Vending**

Horn is a blind entrepreneur who entered into the Florida Bureau of Business Enterprise training program. He managed a courthouse facility with a snack bar and vending machines in Orange County, FL, for 16 years. He has grown his business at a rate of approximately 25 percent per year. He is exemplary in encouraging other blind entrepreneurs to expand outside of their provided state opportunities. He has also encouraged his Florida Blind Committee to explore new avenues of hospitality services such as micro markets, office coffee services and inmate commissaries. He has partnered with larger business entities to explore new vending technologies that help with efficiencies of his company.



Horn

pricing initiatives, among others. His efforts in driving operational execution of these programs has helped Five Star retain more customers, while driving same store sales growth, and increase new business sales.

David Barrientos, Sales, **G & J Marketing and Sales**

Barrientos has been successful in implementing several marketing ideas based around the end user combining current and future vend/micro market/OCS trends in order to help his customer base and the manufacturers he represents work in sync to experience continued growth and maximize additional revenues. Barrientos identifies new products that will drive value to the industry and allow the operator to launch innovative and new concept promotions to their end user. He is a NAMA/Michigan State University Executive Program graduate and a board member of the Ohio Automatic Merchandising Association, who began his career in the food industry in 1990. Since 2010, he has been with G & J, helping his customers thrive despite increasing cost and market challenges.



Barrientos

Mandeep Arora, Co-Founder and **CEO, Cantaloupe Systems**

While keeping his hand in vending through his family's business, Arora began his entrepreneurial career with a website development business started while in high school. Arora has had a variety of relevant work experience, including Work Life and Cisco Systems. While working with these companies, Arora had the opportunity to research, analyze and improve data-driven service offerings, while also gaining knowledge in testing and quality assurance in software and hardware. His experience at Cisco in particular gave Arora an appreciation for network connectivity that helped shape his vision for Cantaloupe Systems. What he learned through his online service experience with these companies contributed to Arora's creation of Cantaloupe Systems' innovative, web-connected vending solutions designed to lift vending from a plodding, best-guess industry to a more precise, technology-driven undertaking.



Arora

Donald Haynes, Broker, **G & J Marketing and Sales**

Haynes' customers tell him he is the go-to guy for vending or micro markets. Haynes represents his manufacturers to the best of his ability. He's always looking out for the operators' best interest in every endeavor that he takes. He keeps abreast of the ever-changing industry and passes that info along to all customers so they have the latest facts and figures to make an intelligent decision. The reason for his success is he knows the industry: vending, micro markets and the coffee industry. That knowledge is why people say he is "the pro to know."



Haynes

CJ Recher, Director of Marketing, **Five Star Food Service**

Recher is one of the industry's leading young marketing professionals. He is involved heavily with NAMA and the Emerging Leaders Network, serving as this year's Chair. Since joining the team in 2014, Recher has been instrumental in the build out of Five Star's corporate marketing team and strategy, improving and automating customer service and client retention programs, managing execution of retail promotions and strategic product



Recher

Evan Jarecki, Co-Founder and **CTO, Gimme Vending**

Jarecki has a passion for the industry and a personal relevancy that is helping connect the industry with Millennials. He's literally evangelizing a new class of technology and tools that are helping operators be more successful. Jarecki isn't just sales. He's the super-rare breed of person that is one-part people-person and the other part techie. Gimme is incorporating what Jarecki learns from people into improvements within the technology. He is that hallmark example of what any technology sales



Jarecki

rep should be doing within the industry to not just push products, but tailor each deal based on the needs of the particular customer.

Paul Woody, Director of Operations, Gimme Vending

As the director of operations for Gimme, Woody heads multiple departments including engineering, deployment and support. He leads Gimme's engineering team to create solutions for the real problems operators experience. For him, it isn't just about selling customers new software, it's about making sure their whole operation quickly masters and puts technology to work for them. In turn, this allows operators to better serve the end consumer and create new channels for profitability. Woody has served in various roles since 2015 at Gimme including, software quality assurance lead and systems integrator. He was introduced to Gimme through a networking event at Atlanta startup hub Atlanta Tech Village.



Anita Rose Marcoline, President, Mill Creek Coffee Company

Marcoline started her first coffee company in 1978 with 100 percent Colombian coffee frac packs. There were few people at that time who knew what good coffee tasted like. She was very interested in roasting as well but it took her nearly 40 years to buy a roaster and start to make the specialized drinks she knew people would love. In 1988 she sold her coffee company to McCormick Coffee and developed their restaurant division. By 1997, they had successfully opened cafes at the two major hospitals in Erie, PA. In 2005, she was able to purchase McCormick Coffee and the business became 100 percent woman owned.

Greg Hasslinger, Director of Sales, Nayax

Hasslinger is customer-focused, ensuring that Nayax's cashless payment solution serves to truly solve the problems of its customers and also validates its reputation of an approachable, honest, trustworthy partner. This differentiation is felt throughout the vending industry, as customers continually give Hasslinger high praise in accompanying them on their journey to implement cashless payments in their operations, going the extra mile to deliver as promised. His many years in the industry have resulted in extensive knowledge of all facets of vending and payment methods, and his



generosity in sharing this knowledge with colleagues and customers alike contributes to Nayax's position of authority.

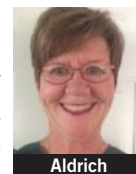
Alan Munson, CCO, Parlevel Systems Inc.

Munson helped guide numerous product launches for Parlevel Systems in 2017 including Parlevel Link, a customer-engagement tool for vending operators; Smart Routing, a more efficient routing tool inside Parlevel's Vending Management System (VMS); Koin, a payment and account management platform for micro market and other food and beverage operators, and more. Munson also conducted an educational webinar informing vending operators of the usefulness of the Smart Routing tool and offered general advice on how to efficiently manage one's business.



Catherine Aldrich, Territory Sales Rep, Patterson Co., Inc.

Aldrich is celebrating her 20th year with Patterson Company. She has been employed there since 1997. Aldrich is known for her follow through and thoroughness as well as a keen sense of humor. She is a valued member of the team and been a large part of micro market introductions. Her territory is Chicago metro and Central / downstate, IL and Western, IA. She was raised in Evergreen Park, IL, and earned a Bachelor of Arts (BA) in 1981 at St. Mary's University Winona, MN, in Print and Broadcast Journalism. In 2001 she earned a second BA from Columbia University in Sign Language Interpreting.



David Lothian, Sr. Director Vending, PepsiCo Foodservice

Lothian has been the leader of PepsiCo Vending since April of 2015. Prior to this role he served for 25 years in various functions at PepsiCo. He is a visionary and inspirational leader who has created a winning and transformative culture at PepsiCo Vending. Lothian created the current vending strategy that has positioned PepsiCo as the industry powerhouse in traditional and healthier vending. He also delivered the Hello Goodness platform.





Individual PROS TO KNOW 2017 Continued

Terry Herr, Sales Manager, **PrairieFire Coffee Roasters**

Herr is a proven sales leader. He joined PrairieFire Coffee based in Wichita, KS in 2016 and was charged with establishing a new territory in Nebraska and Iowa. Once that was completed, Herr was elevated to the company's general sales manager role and now manages all sales functions throughout the seven states that PrairieFire services today. Herr has taken the sales team to another level. He has a way of leading people that really resonates with them. He is an outstanding teacher and a true leader. His experience in many levels of the office coffee service business allows him to see the "big picture" of a company operation; cost of goods, operating expenses, wages, etc., all the while protecting margins.



Herr

Moti Almakias, President, **Push Beverages, LLC**

Almakias developed a program that combats the ever-increasing CSD costs to allow the profits back into business without raising prices to the customer. In 1993, Almakias incorporated and went full time into vending, building it to a three-state, 40 route operation. Under his leadership, they instituted 100 percent prekitting and had their own proprietary micro market concept. In 2008, he developed a soft-drink line, Push Beverages, to combat crazy price increases on CSDs and business exodus out of the north-east. In 2013, Almakias sold the vending end of his business to give his full attention to the beverage business as sales took off in 38 states. Almakias has over 25 years of experience as a vendor.



Almakias

Bill Smith, Executive Vice President, **Sarnow Food Group**

Smith is an industry veteran with over three decades of experience in redistribution to vending, OCS, micro-market, theater and concession accounts. He has a customer-centric mindset, and looks to create maximum value for his clients, constantly challenging the firm's status quo in search of ways to better serve the industry. In the face of a quickly-changing marketplace, Smith has been instrumental in the growth of Sarnow's better-for-you (BFY) snacking portfolio. Sarnow has also been able to better capture the business of the increasingly health-conscious consumer because of his BFY initiatives. He has been actively involved in the redevelopment of Sarnow's website, as well as the implementation of modern warehouse technologies.



Smith

Tom Nesser, Owner / President, **Sirness Vending Services**

Nesser is always giving back to his community and is very generous. He is extremely well liked and respected by everyone. His motto is take care of the customer first or someone else will. He feels the same way about his employees. Nesser has a very unique way of keeping his business humming amongst every day challenges. He takes the time to understand the problems that are an everyday part of business and he faces each problem with determination and a proper solution. He has a remarkable staff behind him and his team stays energized and focused. Nesser has been in business since 1989.



Nesser

Congratulations!

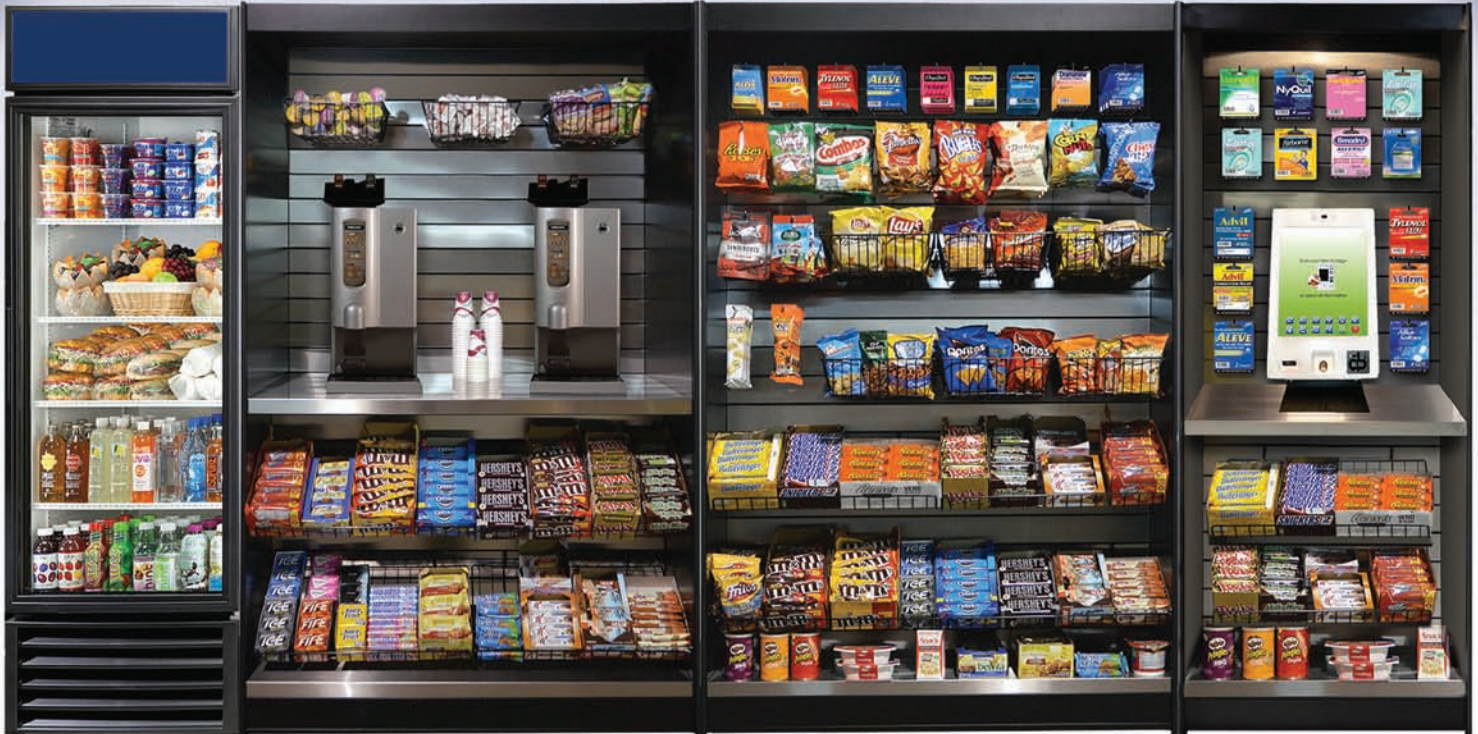
Chad Young

Director of Project Management,
365 Retail Markets



**ALL NEW
ALL METAL
ALL FULLY ASSEMBLED
ALL MADE IN THE U.S.**

MICROMARKET STANDS



MMS492-K

MMS491-D

MMS272-K

- Sturdy, double wall metal construction
- Stainless steel shelves
- 27 and 49 inch widths
- Slats available in vinyl-clad metal in oak, walnut or stainless finish
- Display kit with shelves, basket and hooks available
- 78 inches tall to fit in any micromarket
- LED light kit included
- Available kiosk and display

**Call Sandra -
she's a
Pro to Know!**



**Thanks to our
customers for making us
Pros to Know with
Automatic Merchandiser!**

**CALL US
1-800-274-2428**
Visit us @ www.AllStateMfg.com



Individual PROS TO KNOW 2017 Continued

Chuck Treister, NCE5, President, U.S. Vending Management

Treister is currently a consultant focused on sales and marketing with a broad base of success. Treister has a reputation built over his many years in all facets of the industry for honesty and integrity in helping manufacturers and operators improve their business. For the last three years he has focused on helping operators see the benefits of embracing cashless acceptance and telemetry into their businesses in order to put the consumer first by offering the consumer as many options for payment as they currently find in other retail venues. The benefits to the operator are many: better margins, greater participation, increased per cap spend, and operating efficiencies, all coupled with increased customer satisfaction.

John Healy, Co-Founder, The Vending Marketer / CEO, Healy Consulting & Communications Inc.

Healy helps his clients balance their resources between traditional marketing and PR strategies and tactics with digital and social media marketing — including Website development/SEO, LinkedIn, Facebook for Business, Twitter, outbound email marketing and other tools. He has been a NAMA Knowledge Source partner since 2015. He has led digital and social media educational workshops at the NAMA OneShow and Coffee Tea & Water Show, as well as state association meetings. In the past 25 years, he has created and managed myriad successful trade and consumer programs for a broad range of B2B and B2C clients. He has received multiple awards and actively volunteers in his community.



Healy

Michael Lovett, Vagabond

Lovett is the founding CEO of Vagabond, a technology solutions provider to the food service industry. He is responsible for the corporate, capital and strategic direction of the company. His experience spans entrepreneurial startups in the IT services, software and telecommunications space. Prior to Vagabond, Lovett founded CirrusWorks, a networking products company that optimizes Internet performance in big buildings. Lovett started his career by founding Critical Network Productions, a telecom solutions consultancy that was acquired by Swisscom in 2006. He co-authored multiple patents while at CirrusWorks and, more recently, with Vagabond's revolutionary Commerce platform.



Lovett

Jim Carbone, Co-Founder, Workwell Food and Beverage

Carbone is a respected professional with over 20 years experience in sales, marketing, management, training, business development and strategic planning. He is a results-focused sales leader with versatility and passion, and is recognized for taking initiative and being a strategic thinker. He is customer centric with excellent communication and collaboration skills. As chief operating officer of Workwell he is responsible for leading and managing a comprehensive array of services and programs including a team of managers across several states. He's responsible for all activities pertaining to equipment service, route management/distribution, fulfillment, operational contracts and the managers who lead those teams.



Carbone



Congratulations Rich Lau!

Avanti Markets would like to congratulate Rich Lau for being recognized as a Pro To Know!



We value your hard work and dedication to Avanti Markets and the Micro Market industry.



Team PROS TO KNOW 2017

(Listed alphabetically by company)

All State Manufacturing Company, Inc.



Team Leader: Sandra Faulkenberry, Sales Manager

Team Members: Marian Wyrick, Coffee Stand Assembly; Duane Perry, Administrative Assistant; Jason Felling, Fabrication and Assembly; Les Nicison, Paint and Market Stand Assembly; Arthur "HOWDY" Autherson,

Packaging; David Wyrick, Paint, Market and Condiment Stand Assembly; Chris Higginbotham, Plant Manager; Bob Higginbotham, Metal Fabrication; Eric Fazekas, Condiment Stand Assembly; Rudy Stakeman, CEO

The team at All State Manufacturing works exceptionally well with all customers on a large variety of concerns. From overnighting a needed key lock to helping a customer who wants to open a new market, All State Manufacturing is there. Recently, a customer asked All State Manufacturing to build micro market stands that would hold up to heavy and tough use. The idea was to create stands with a quality final design that would not fall apart and would provide a return on the investment. Faulkenberry and Higginbotham took the lead and worked hand in hand with the customer to develop the initial stands in a timely fashion. The customer was enthusiastic about the final result and was able to achieve his goals. Faulkenberry and Higginbotham are two agents of change who exemplify the All State Manufacturing motto of "By your side since 1975".

Thank you to our Customers who have placed their trust in us, and to our industry partners who continue to promote what we do. We couldn't have achieved PROS TO KNOW two years in a row without your support and confidence along the way.

Delivering The Experience in Unattended Retail™



VISIT US AT:

fixtrelite.com

Member of **AWI** ARCHITECTURAL WOODWORK INSTITUTE

Innovative, High Performance Surfaces by **Wilsonart**

@Fixtrelite



Team PROS TO KNOW 2017 Continued

Cafection

Team Leader: Mike Cochran, VP Sales and Business Development

Team Members: Stephen Gonzalez Territory Manager; Jordan Mankin Territory Manager; Rafael Rosario Territory Manager; Pat Camino Territory Manager; Brett Snider Territory Manager; Gregg Sabbak Territory Manager; Bob Myers Territory Manager; Rod Henricks Territory Manager.

Cafection is a leader in bean-to-cup machines. Their customer service and support is one of the best in the industry. Led by Cochran, the team works together to meet the ongoing technology boom in coffee service and is driven to providing innovation of technology with machines.

Cantaloupe Systems: CSM Team



Team Leader: Terry Hovis, Director of Customer Success

Team Members: Jason Pardue, CSM; Jake Graham, CSM; Susan Butler, CSM; Terry Rinck, CSM; Maxwell Elliott, CSM; Greg Young, CSM

The CSM team has really helped become an extension of an operator's business. With a combined experience across this team of over 100 years, it is very true that these individuals are Pros to Know in the vending world. They have either grown up in vending, started as a route supervisor and moved up to operations in one way or another, all prior to coming to Cantaloupe. They truly understand the business and how the industry has evolved, but what they get even more is the ability to leverage technology into a business and what it can do as far as impact the bottom line. That is how they are able to time and time again make sure that they truly help an operator leverage technology to truly run a more profitable and productive business. They believe in the ability to teach, train and grow operators to be more successful than they were yesterday.

Fixtrelite



Team Leader: Janette Carter, VP Sales and Marketing

Team Members: Steve Orlando, Co-Founder; Troy Geis, Co-Founder; Janette Carter, National Sales Manager

Fixtrelite led the industry in what a micro market CAN transform to be. The team members take a close look at how the workplace is changing, who the customer is and how to offer them the products they desire in an environment that will cause them to stay within and invest in the space operators invest in for them. As micro markets have evolved, Fixtrelite has used AWI level processes and building techniques, materials that are time-tested and proven with a long history of reliability and longevity. Each team member stands by the commitment to quality and staying at the forefront of new innovations. Fixtrelite puts consumer experience and culture captains in place to help the operator see the revenue and customer loyalty opportunity in creating better spaces. Carter and the entire Fixtrelite team see the opportunity to pair the operator with a location and a turn-key workplace cafe continuing to be a strong growth area in 2018.



Industry Recognition

Pros to Know is an industry recognition program that calls for submissions annually. Watch for your chance to nominate someone in 2018.

J&J Vending Inc.



Team Leader: Joel Skidmore, President / Owner

Team Members: Ashley Karpan, Operations Manager; Jesus Hernandez, Brenda Skidmore, Vice President; Jennifer Calderon, Director of Business Development

As a small, family run company in the midst of corporate giants, the team at J&J Vending goes out of their way to provide the best quality and care to all customers. This past year has been especially challenging, but with great success. The team has hired managers for separate sectors (vending, micro markets and coffee) to put in the time and effort to keep all accounts accurate and happy. They also implemented a new vending management system, Cantaloupe Seed, on all routes by the end of summer 2017 for vending and coffee deliveries to decrease windshield time, inventory issues, traffic and rising fuel costs leading to more overtime and employee burnout.

One Source Office Refreshment Services, Inc.



Team Leader: Robert Betz - President / Owner

Team Members: Steve Betz, Vice President; Tim Greble, Director of Markets; Jared Detwiler, VP of Operations

The team at One Source Office Refreshment Services works very well together. Their biggest accomplishment of 2017 (by Dec. 31), will be the complete integration of all components of the business under one technology platform. This has completely streamlined processes and created accurate and transparent data from the point of the first sales call, to when the consumer purchases product from the company's assets. One Source will be one of the few if not the only independent operator to have accomplished this. The team is excited by the value this will create for the company and the industry. Betz and his team believe a fully streamlined operation will cost less time and energy to operate. The new-found time will allow them to hire/train/develop best in class employees and focus on customer interactions, and what products and services ought to be provided to meet current and future customer needs.



"You do not lose your drive for success when you lose your sight. You only have to figure a different means of getting there."

— Dennis Horn



Dennis Horn was in the automotive industry before losing his eye sight. In 2002 he entered into the vending business under the Randolph Shepard Act (RSA) which enables the blind to have opportunities to operate food businesses in Federal and State buildings throughout the U.S.

Using his success he achieved in the sighted world, Dennis has expanded his RSA opportunity to become one of the largest complete refreshment services in Florida. Dennis' dream is to show other blind individuals how to grow their businesses beyond what the RSA allows.

Dennis wishes to thank the many successful individuals that have assisted him along the way. Industry stalwarts such as Tom Britten, John Murn, Bud Burke, and Don Meloy are at the top of the list. Also, the Florida RSA staff led by Bill Findley and Maureen Fink cannot be overlooked.





Team PROS TO KNOW 2017 Continued

Three Square Market

Team Leader: Patrick McMullan, Chief Operating Operator

Team Members: Kurk Johnson, VP of Sales; Curt Giles, President; Dave Little, Sales Manager, Dewey Wahlin, President

The Three Square Market sales team has really taken on the initiative that not all operators have to be extensive organizations with large amounts of capital. The sales staff and customer service do an excellent job of being there for their customers no matter the size of their organization — 1 market or 100, all operators are important. The company has developed and really stuck to the hashtag, #EverybodyCounts, and that is reflected in the sales teams' non-stop effort and work for Three Square Market's customers. The sales team is so much more than just sales. They work with their operators all the way through their journey, helping them to excel and find the right market and solutions for them — not just to get a sale.

Three Square Market

Team Leader: Chelsea Zimmerman, Customer Service Supervisor

Team Members: Jeremy Lewis, Account Executive; David Casper, Account Executive; Courtney Hawkins, Account Executive; Nicholas Webb, Account Executive; James Howe, Account Executive; Courtney Heise, Account Executive; Juliana Weina, Account Executive; Jack Jensen, Account Executive

Often customer service can be a thankless and difficult job. This team is truly special. Through all the difficulties they may face, they remain positive and a guiding light to the customers of Three Square Market. The team is 100 percent dedicated to excellence in service. This means having all team members be knowledgeable in the multitude of support questions that the company receives. The team leans on one another's strengths to learn from each other and to develop a better service opportunity for their clients. Because of this amazing dedication to excellence in service, the customer service team consistently hears positive feedback from clients and sees their success rates rise.

Frustrated with Long Lead Times? We've Got Your Locks Now, Ready to be Assembled!

Lock America Delivers On Time with Huge Savings!



**We can match
most every key code:**

Ace, American Lock,
Baton, Camlock Systems,
Cobra, ESD, Fort, GEM,
Greenwald, Master
and Even Abloy.

9168 Stellar Court
Corona, CA 92883
www.laigroup.com

Distributor and OEM Inquiries welcome!
LOCK AMERICA
The Definitive Word in Locks
800-422-2866

Ph: 951-277-5180
Fax: 951-277-5170
sales@laigroup.com

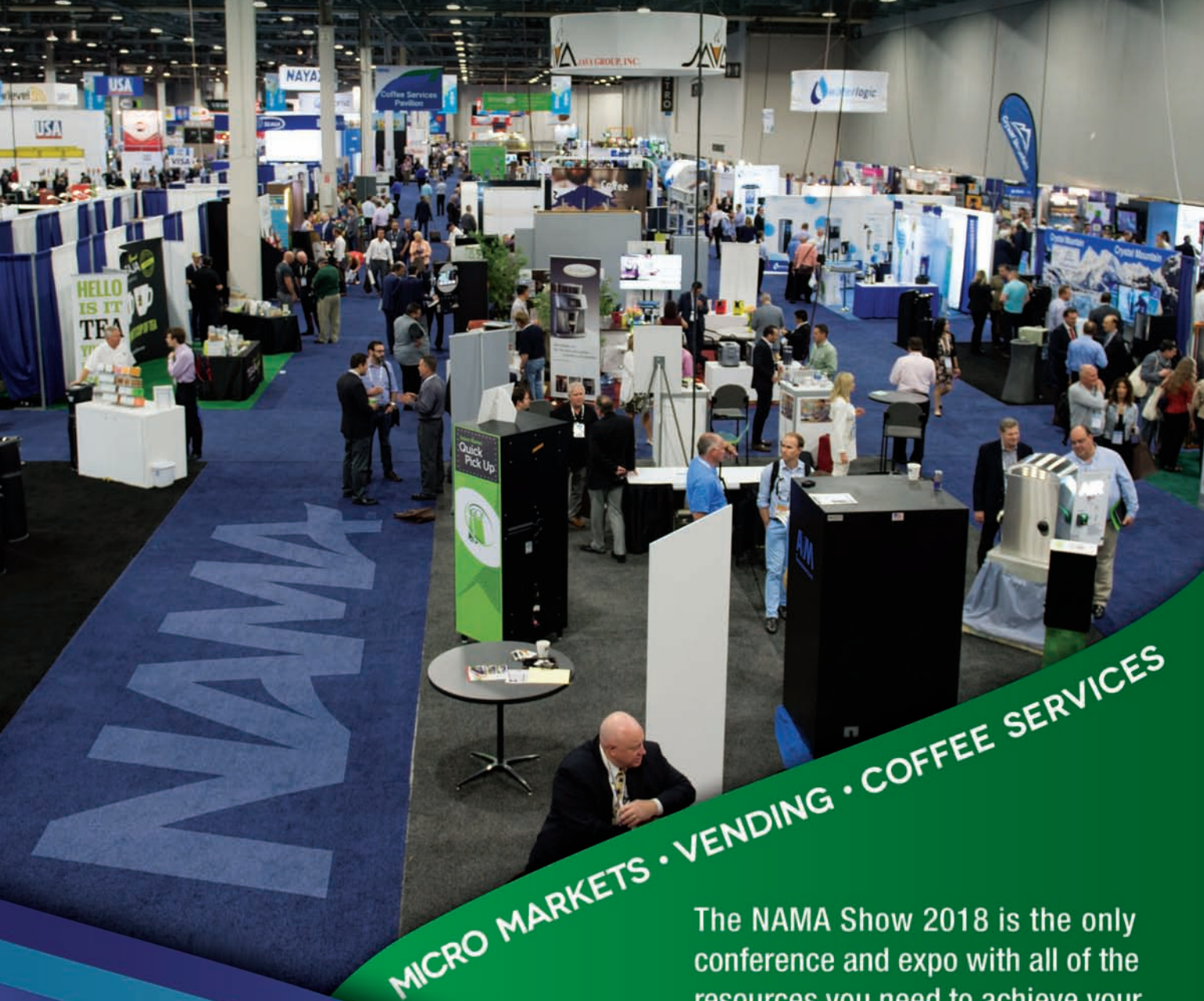
Vagabond

Team Leader: Michael Lovett, Chief Executive Officer

Team Members: John Powell, CTO (Chief Technology Officer); Bonnie Trush, COO (Chief Operating Officer); Juan Jorquera, CRO (Chief Revenue Officer); Hector Benavides, VP Business Development; Stephen Shellenbean, VP Product Development; Colleen Hogan, VP Strategic Relationships

Vagabond has put together the right team of passionate, knowledgeable and experienced individuals perfectly suited to help the conveniences industry take advantage of the unique position it has in retail by engaging young and tech-savvy consumers across the country through the millions of machines and micro markets already in place. Each individual member of the team from software and hardware developers to account managers to the CEO have put in a huge amount of work into what they do because they believe that Vagabond is one of the organizations that will play a key role in taking the conveniences industry to the next level. The work the team has accomplished the past couple years speaks for itself. Vagabond has always sought to solve problems facing the industry and has demonstrated an ability to tackle those problems. ◀

Don't miss your chance to
MAKE CONNECTIONS WITH MORE THAN 4,500
suppliers, distributors, industry experts and business owners.



MICRO MARKETS • VENDING • COFFEE SERVICES

The NAMA Show 2018 is the only conference and expo with all of the resources you need to achieve your business goals and meet the entire convenience services industry.

The
NAMA
Show
Meet with Convenience

MARCH 21-23
LAS VEGAS
CONVENTION CENTER

FIND OUT MORE AT THENAMASHOW.ORG

Mobile App Promos Can Lead to 'Macro Markets'

By John Healy, Contributing Editor

Promote the adoption of mobile apps on kiosks, flyers, brochures and more to really take advantage of their unique benefits.



Micro market mobile app promotions can be very powerful marketing tools.

As micro markets proliferate faster than Ferraris at the Indy 500, their success is often dependent on their widespread adoption by employees and other patrons. Equally challenging can be the use of micro market mobile apps. Done well, they can turn a micro market into a “macro market.”

Delight and reward

The trick, say many micro market suppliers, is to “delight,” reward



John Healy is Co-Founder of The Vending Marketer — www.vendingmarketer.com — a digital marketing agency that exclusively serves vending, OCS, micro market and other refreshment services businesses. He is also CEO of Healy Consulting & Communications Inc., a traditional, digital and social media marketing firm. His affiliation with the industry dates back to 2009. Reach him at john@vendingmarketer.com.

and offer discounts and promotions to users. In a 2015 interview with VendingMarketWatch.com, Avanti Markets’ previous president, Lori Salow Marshall, said “Consumer engagement is key. Enabling support in the app with FAQs, feedback forms and support requests that are routed based on the type of request will give operators a new way to connect with and delight their consumers.”

And while the functional aspects of a micro market mobile app are critical — like making payments, checking account balances, loading funds, viewing transaction history and reading nutritional information — the promotional aspects can prove a bit more challenging.

Examples of successful micro market promotions include, but are not limited to:

- Creating unique deals (like those below) that are only available to users of the mobile app
- Combining products for a discount
- Product introductions/sampling
- BOGO offers

- Healthy items or rewarding employees for purchasing a certain quantity of healthier snacks and beverages
- Special offers for limited time period (to motivate users to check their mobile apps throughout the day)
- Discounting fresh products (or others) before they expire
- Partner-driven promotions and offers with product suppliers

Go with current events

Promotions that follow a specific theme, like company anniversaries or employee recognition days, work especially well. In a December 2016 blog post, Renee King, marketing manager at Southern Refreshment, said, “When implementing a promotion, it always helps to follow current



trends or events. Whether it's a big game, holiday or the latest diet fad, a promotion that ties in with these is a great idea.

"With health on everyone's mind, Southern is currently running a promotion for the New Year called 'New Year New You'. We have highlighted better-for-you Choice Plus items to run for 25 percent off," she said at the time.

A January 2017 article in *VendingMarketWatch.com* highlighted a holiday promotion conducted by the PayRange mobile app in 300 cities across the country: <http://bit.ly/2xtKzFN>

Notably, the benefits of the promotion, according to PayRange, were:

Activity: Participating operators avoided the expected seasonal drop.

Sales: The promotion provided a 13 percent lift in operators' December sales.

Spend: New users, defined as those who had not purchased yet, spent eight percent more.

Repeat purchase: 40 percent of holiday program users made four purchases or more.

Deals and promotions should be run at the location level, as well as geographically and nationally, if possible. And mobile apps should always be free to download and made available in the App Store for iPhones and Google Play for Android devices.

Promote, promote, promote

Operators should use marketing materials to promote the adoption of mobile apps, including kiosk advertisements, flyers, brochures and communications for location managers and employees. Emails sent directly to employees can also work well — for both adoption and use of the mobile app — but a word of caution: sending too many emails can result in recipients opting out or unsubscribing from emails.

Mobile apps can also be used as a way for operators to build social media followers, then use such plat-

forms as Facebook and Twitter to push messaging back to consumers. If Twitter is being used, be sure to use a Bitly link shortener (<https://bitly.com/>) to keep tweets to their 280-character limit.

Another way of promoting new products is utilizing digital advertising and displaying new items on monitors and kiosks. In fact, many of the ideas for mobile app promotions can be translated into comparable verbiage for digital signage. Some operators utilize digital signage to feature a variety of promotions geared toward particular products that are unique to certain locations, or are regional in nature.

Taken together, onsite signage and mobile app promotions can be very powerful marketing tools for operators. According to 365 Retail Markets CEO Joe Hessling, "Combining digital signage, kiosk backgrounds and messaging through [mobile apps] is the ultimate in omni-channel advertising within [micro markets]." ◀

Video Screens Begin To Make Their Mark In The Future Of Vending

By Adrienne Zimmer, Contributing Editor

Digital advertising campaigns on vending machines are easy to implement and have helped increase revenues for operators who have embraced the option.



The U.S. consumer shopping experience is rapidly evolving — more consumers are shopping online now than they were five years ago; they are using mobile payments and in-store mobile apps; and their preferences in their retail experience are changing, too. Today's customer is certainly not the same customer it was five years ago. So why would you sell products to your customers the same way you did five years ago?

Current technologies available in the vending industry are making it possible for operators to cater to the

“new,” desired consumer shopping experience with vending machines and retrofits that accept credit cards and mobile payments, that showcase eye-catching visuals on video screens and allow consumer interactions through touchscreens. There is also the ability for operators to capitalize on the technology through the use of digital advertising campaigns.

Introduction of digital advertising

As soon as digital advertising became available, New York-based Answer Group jumped on board. For the last three years the company has been running digital advertising campaigns on a number of its machines with Crane. “I think [digital advertising] is a great platform for generating income,” said Howard Goldstein, vice president of Answer Group. “Why not use the [digital] space if it’s available?” The company has signed up for, and been a part of, the majority of the campaigns available.

Previously, digital advertising in the vending industry hasn’t had huge success, according to Sharon Peyer, vice president of Crane Media Network. However, as machine connectivity grows, so too will the digital advertising opportunities.

So far Crane has offered more than 30 endemic and non-endemic digital campaigns to operators, across more than 12,000 machines in the U.S. Endemic includes consumer packaged goods companies, and non-endemic includes brands that want to reach consumers who frequent the venues where vending screens are located, but don’t sell in the machines, such as local banks, real estate companies, charities, etc.

“When an operator signs up to be part of Crane’s Media Network, we can look at the vending operation’s planogram and see where the machines are located and then we can see what machines meet the criteria of where a particular brand would

like to advertise,” said Peyer. “We ask the vending company if they want to participate and we tell them what they can expect to earn.” If they qualify for a campaign, the process is fairly hands-off, which is what makes it appealing to vending operators.

Little to no backend work

The ease of use with digital campaigns is one reason Answer Vending can utilize the concept. “All they need from us is permission to put the campaign into our system,” said Goldstein. “It’s quite simple. If we were to sell the advertising space ourselves, it would be a bigger ROI, but we don’t have the time or people for that, so we agree to use the digital advertising campaigns. The pro is we get a couple extra hundred bucks a month, which is always good.”

Goldstein says Crane manages the digital campaigns for them. About a week before the endemic campaigns run on the machine, the company contacts Answer Vending, lets them know they are going to run a campaign and confirms the vending operation is still using the product. “It’s all managed on their end,” said Goldstein. “It’s easy to use.”

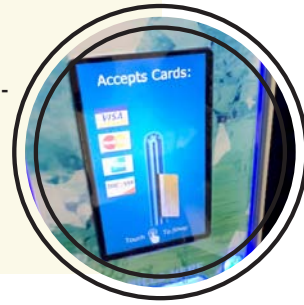
Peyer says the system was designed to appeal to vending operators. “The reason we have them sign up for our network is so that we can do all the heavy lifting for them,” she said. The largest amount of work is upfront when the operator signs up for the Crane Media Network. They have to make sure that their planograms are online, generally via the company’s VendMax service, so Crane can see them, broken down by spiral and by individual machine. “As long as they are maintaining that in our database, which they do through normal operations, that information gets updated in our database and as they update products, we can see what’s been added or removed, so that’s the work up front.”

In Focus: Campaigns

Digital campaigns can be both endemic and non-endemic.

Endemic campaigns require a product to be inside the vending machine.

Non-endemic campaigns include products and services not usually found in vending, such as credit cards.



Operators who don’t use the company’s VendMax products have the option of using its cashless portal where they can sync their data and the locations of their machines.

When it comes to implementing non-endemic campaigns, the vending operator can enjoy doing little to no work on the backend. “Signing up is one agreement, it’s digital and they click to sign. It’s not a lot of heavy paperwork,” said Peyer. “When they sign up initially, they basically say they are interested in all campaigns, but they want the ability to opt out of some. We will let them know that in 7 days, for example, Mastercard is coming out with a campaign, here are the machines it will be on, if you have any objections, let us know within 7 days. Typically people do not opt out.”

With endemic campaigns, the process is also very similar. If an operator is going to participate, they have to promise not to take out the product and confirm their understanding that if they stop carrying the advertised product or Crane no longer sees it in their planogram, they have no right to get paid — they get a link within an email where they click to agree. Once that’s done the ads can be sent to their machines automatically.

The growth of green

One of the biggest benefits of the digital advertising campaigns is the extra monthly revenue growth for operators. The Texas-based full line vending operation Made-Rite Company placed 38 snack machines and dozens of bottle glass front machines with digital advertising capabilities. “The touchscreen has made the snack machine so much better that we felt we’d be able to compete better,” said Craig Reggia, full service business development manager at the Made-Rite Company. Operators can run up to three ads on a machine per time, and receive between \$1 and \$5 per machine each month.

“Let’s just say you’re getting \$1 per ad per month, that’s \$3 per month, just on one machine. If you have 1,000 machines that’s \$3,000 per month. It eventually pays for the

“Let’s just say you’re getting \$1 per ad per month, that’s \$3 per month, just on one machine. If you have 1,000 machines that’s \$3,000 per month. It eventually pays for the screen...so why not do it?”

Craig Reggia, The Made-Rite Company

screen and will cover the cost of the cell service, so why not do it?”

The company recently ran a campaign with Oreo cookies and noticed a 22 percent increase in sales at the machine. “We weren’t usually selling that many Oreos to begin with,” said Reggia. “Just someone looking

at it saw the visual stimulation and thought ‘Oh I need to get Oreos’”.

The company also ran two non-endemic ads for Apple Pay and Mastercard on its bottle glass front machines. And although they couldn’t track the increase of sales for those products, Reggia believes just

Instant Connectivity for Your Micro Market



Lost revenue from installation delays? OptConnect provides you with instant cellular connectivity while bypassing local IT. Enjoy placement flexibility, a private network connection, 24x7 technical support and same day installations.



Call OptConnect Today
877.678.3343

having the Apple Pay and Mastercard ads drew customers to the machines. “We did get an increase in sales, but we didn’t know if it was a boost based on the ads or because it was a new machine with Apple Pay,” Reggia said. Customers like the machines because they are visually appealing and allow them to review nutrition information on products, too.

Going forward

Reggia is optimistic about what the digital ad campaigns mean for the Made-Ride Company going forward, but he says he’s in the minority in his region. “In our area in East Texas, a lot of people are scared of technology,” he said. “A lot of people still aren’t investing in technology such as credit card readers.” Reggia understands that in an industry that makes pennies, spending \$500 more

on a vending machine with digital advertising capabilities could be intimidating. Even with video screen retrofits available, the price tag can be a problem.

Goldstein agrees. Though it’s an expensive machine to begin with, he says, it’s all money to your bottom line. “I think it’s a benefit for every vendor to partake in it whether you have 10 machines or 5,000 machines,” he said. “If you’re going to buy a brand new machine, why wouldn’t you want a machine with digital advertising capabilities?”

Digital advertising is beginning to make waves in the industry. Peyer predicts it will continue to grow as connectivity increases and more operators get onboard. “A lot of operators are laser-focused on the day-to-day, but in any business you want growth and growth is hard to

come by when you do the same things day in and day out,” she said. Digital advertising should be considered incremental to what vending operators are doing.

For now, progressive vending companies will continue to reap the benefits of digital advertising campaigns. They can also be a lucrative investment for operators planning long term. | ◀



ABOUT THE AUTHOR

Adrienne Zimmer

is a freelance writer with a background in the vending, micro market and office coffee service industry.

She worked at Automatic Merchandiser and VendingMarketWatch.com from 2013 until early 2017.



**Quality Liftgates
for Every Application**

Full Line of Custom Liftgates Light-Medium-Heavy-Duty

THIEMAN TAILGATES, INC. markets a full-line of hydraulic liftgates for light, medium, and heavy-duty trucks and trailers. Toplifters, Stowaways, Railgates, Sideloaders, and Conventional models are all part of the **THIEMAN** line-up.

For many years **THIEMAN** has been customizing liftgates to meet specific needs. If a special need arises, give us a call. From 1000 lb. to 6600 lb. lifting capacities, **THIEMAN** can provide a liftgate for almost every application.



“Raising Performance To New Levels”



600 E. Wayne Street • Celina, Ohio 45822

Ph: (800) 524-5210 • 419-586-7727 • Fax: (419) 586-9724

Email: info@thiemantailgates.com • Website: www.thiemantailgates.com

Redefining Convenience Services: NAMA 2018

By Emily Reformat, Editor



Just as vending operators have blended their service offerings to include coffee and micro markets, the industry too is expanding into what is and could be convenience services.

The industry is experiencing a shift and NAMA leaders are blazing the way. The national association's CEO, Carla Balakgie, calls it the story of "convenience services." This phrase is not just behind the updated NAMA tagline "bringing convenience to life," but, also the vision she holds of the industry and its future.

"It's both making sure people understand what we do today, and that is has changed from the past," Balakgie began as she explained the impact of convenience services. "It is also trying to describe what it could be: to industry members, those who should be involved in our industry and those of influence such as political officials and media."

This view of an industry that is so much more than it used to be is held by the 2018 NAMA Chair, Heidi Chico, CEO of The Wittern Group, based in Des Moines, IA, as well. "Broadening our horizons has already been a fundamental part of the journey, but we're really bringing that to the forefront in this coming year," she said. "We will be talking about convenience services in a much broader sense than what we've done in the past." The industry can expect these discussions to include diversification on multiple levels, from helping to provide convenience services

The 2018 NAMA Chair Heidi Chico, left, and NAMA CEO Carla Balakgie see the industry expanding and growing in 2018.

to the workplace as well as the consumer and also to help educate members on how to think outside what has been traditional or normal. “We have a lot of things on our agenda this year to put that into play,” Chico finished.

Convenience services defined

NAMA embraced the term “convenience services,” because it better defined all the different types of offerings brought to locations across the country by the association’s members. “It is that we are serving you with convenience,” said Balakgie. “We are bringing it to you. It’s a distinguishing feature if you think about other aspects of convenience, such as a convenience store where you go to them.”

It’s an important nuance because it leads to consumer empathy, identifying what consumers want and need, and then how the industry can bring it to them. In many ways, the vending, micro market and office coffee service providers are already doing this. They are refreshing consumers, nourishing them. However, Balakgie believes it goes beyond this. “How do we help companies meet their fitness goals? What can we do to help keep employees on premise? How can we use our network to deliver the things that make life easier?”

Balakgie put such emphasis on the word deliver, that the entire conversation changed to one of a future where operators are meeting a need in the distribution chain commonly called “the last mile.”

“I think when you talk about convenience services, you need to talk about the opportunities and changing trends, even from a small drop distribution perspective,” said Chico. When she visits customers, she sees changes, modest, but telling. These changes are specifically around what is being carried in warehouses to accommodate consumer and employer trends, such as exploding health and wellness requests.

As what consumers want and need shifts, it leaves the industry in a state of shift as well. “We are defining it as we go,” said Balakgie. “We know where it is today and the places where we think it’s going to go, but it’s unfolding.”

“We have outside threats to our industry, such as UberEats and Amazon,” said Chico. “From a board and association perspective, we are really challenged with how to adapt to that and scale it in a profitable way for our members.” One of the things that has changed is how The Wittern Group regards its business. “We no longer consider ourselves a vending machine manufacturer,” indicated Chico. “We in effect redefined who we are as ‘controlled dispensing.’”

The reason for this change is the increased use of vending machines in nontraditional areas, from selling beauty products in malls to managing medical supplies in hospitals. Wittern actually has many “managed controlled dispensing” systems in the field that act as retail spaces for products and services. Some of these vending machines allow users to recharge electronics while others control the distribution of items from band-aids to morphine. As of right now, these nontraditional aspects of automated retail are beyond the core of convenience services, but Chico is quick to point out that it might not be that way forever. “Never say never,” she said.

Small drop distribution

“Really, what I think the industry does well is small drop distribution,” said Chico, and that is where she sees the future for this industry. She hopes operators can broaden what they already do, the application of delivering products and services to the end user, by looking at the process of distribution. If they are able to find ways to drop ship components to fill machines, while not

Empowered Workforce

The coming year marks the first time in NAMA history there is a female chair of NAMA, Heidi Chico. This makes two strong female leaders at the forefront, as Carla Balakgie remains the first ever female CEO of the organization. While both Balakgie and Chico are honored to be the first, neither says that it was their intent. They both feel the zeal for the industry and vision of its future transcend gender.

“I think that perhaps there are signals that it sends that are really positive,” said Balakgie. “If nothing else, it encourages other woman to be leaders in the industry.”

Chico agreed. “I’m proud the board members elected me and I’m proud to be the first woman chair,” she said. “I think I am just the first of many to come.”

having the cost of carrying all those SKUs in the warehouse, it could be very lucrative.

This is in line with what Balakgie sees as well. “If you can get away from so much cost sunk into inventory, yet you are able to access inventory, then what else you could sell or serve becomes a completely different discussion,” she added. Expensive items, such as high-end headphones for example, become an option as the operator would not have to buy and store them.

“It’s letting the distribution model do the prekitting,” said Chico, “to drive your business so your warehouse space is not a burden. You are utilizing your distribution center, almost making your distribution center an Amazon.”

Balakgie cites an example that she thinks speaks to how this idea could work for operators — the experiment between Kohls and Amazon. Kohls department store chain has allowed online shopping mogul Amazon to set up a center inside 10 of its brick and mortar stores. Part of the agreement is to allow Amazon to focus on its smart home suite of products, but more importantly, at least for this industry, is that the agreement also allows customers to return purchases made from Amazon at no cost (instead of having to pay to get the item shipped back).

“What Amazon found was a way to take a physical presence and have them be their customer interaction or service unit,” said Balakgie. Service is an important consideration. Balakgie argues that Apple stores are a prime example of a place customers go as often for service as to buy products. “In our industry, it’s about service too,” said Balakgie. “I continue to believe that is what distinguishes us.”

Reinvention requires vision

It will take a multifaceted approach, a clear plan and strong leadership to guide the industry on its broadening path from vending to a wider range of service offerings including being retail and delivery focused.

“It’s our job at NAMA to be foresighted,” said Balakgie. “If you aren’t paying attention to the changes happening, you are already losing ground.” At the same time the association has to meet operator’s needs of today, all while still looking far forward. “We have this dual, Janis-faced responsibility of providing them what they need now, and alerting them to what they’ll need much farther out,” Balakgie added.

It’s important to have a strategic plan, adds Chico. “Having that vision is part of the process of providing convenience services and supporting those members. The story has to be

told over and over, but first you have to have a vision.”

Vision was on the agenda in December as NAMA held its second executive forum. “The idea [behind the executive forums] is to bring C-suite individuals into an environment where they can talk about organization leadership, individual leadership and marketplace leadership,” Chico said. She believes nothing helps to formalize vision and a strategic plan better than formalizing a message through the industry leaders. “It’s going to take leaders in our industry to drive that change,” Chico added.

NAMA is becoming a more proactive organization, something it could not boast about a decade ago. Chico, who has been on the board for 12 years, has seen firsthand the changes happening. Years ago, NAMA was fighting the U.S. Mint about how the coin metals might be changing,

and reacting to the attacks on vending machines as junk food purveyors. “Today, we are beyond that,” she said. “We are into our own zone of recognizing how we serve the customer better, and what arrows we need in our quiver to help drive it more proactively, efficiently and profitably into the future.”

Is NAMA and the entire industry at a pivotal point? “When you are in the midst of something, it’s difficult to have perspective,” said Balakgie, “but I see little things along the way that tell me change is happening faster. Still gradually, but faster than I thought it would.” She describes the shift as going through a trough — beating the economic downturn, the pessimism and lack of investment. “We are back up to the top of the curve and I think there is a breakthrough ahead, in 2018 or maybe the next year, but ahead.” | ◀

The New NAMA

While NAMA has brand recognition in the industry, the organization is so much more than it was years ago. Heidi Chico, who has been on the NAMA board for 12 years, remembers a time when members felt they had seen all NAMA had to offer. “It’s our job to keep the message on point and help the members see value in what we’re offering,” Chico said. For her this means advocacy, fighting against the sweetened beverage tax, which has brought a lot of members together. It means changing the perception of vending machines. A vending machine was considered to carry only junk food, but now has the opportunity to be a controlled dispensing solution. “A controlled dispensing solution can monitor what access consumers might have. It could be at an elementary school,” suggested Chico, “where there are kids that can’t have peanuts or mom and dad don’t want them to have a sugary snack. Controlled dispensing allows the flexibility for parents to remotely control what access their children have to items in the school environment.”

NAMA also brings a tremendous amount of value to its members’ businesses, according to Chico. “The way I try to describe the value it brings is to think of it in terms of outside advisers, such as an accountant or legal team,” she said. “NAMA is your advocacy arm, so invest in NAMA because NAMA can be there when times get tough. And I’ve seen it over 12 years. It’s a great organization to learn from others, but it’s also a great organization to help protect your business.”

Automatic MERCHANDISER

Powered by **Vending**
MARKETWATCH.COM

Connect with us



[Facebook.com/VendingMarket](https://www.facebook.com/VendingMarket)



[@VendingMagazine](https://twitter.com/VendingMagazine)



<http://linkd.in/VendingMarketWatch>



A large, three-dimensional gold-colored number '2018' is centered at the top of the page. The numbers have a metallic sheen and are set against a dark, gradient background. A bright light source from the right creates a strong highlight on the right side of the '8' and casts a soft shadow to the left.

What Will Capture The **Spotlight?**

By Emily Refermat, Editor

The economy is looking good, so in the next year operators should be planning for more micro market growth, answering the call for single-cup in workplaces and investing in bringing vending into the limelight.

The industry has been riding a steady wave of growth for the last few years. Looking at what is driving this upward trajectory reveals a combination of micro markets, office coffee service placements, an evolving consumer, a more benefit-focused human resource department, and a changing of the guard when it comes to technology used in the vending industry. With the movement we already see happening, 2018 is shaping up to be another strong year for the industry, making it important that operators plan for micro market growth, create a selection of single-cup solutions for area businesses and invest in the technology that will make their vending segment more efficient and profitable.

Micro markets to be a star

Micro markets will continue to expand in the coming year. Many of the initial 10-year projections for the

segment will be surpassed in 2018. Most notably, the 2013 projection from Brad Bachtelle, president of Bachtelle and Associates, of micro markets reaching \$1.6 billion in revenues with 35,500 locations by 2022 needs to be revised. The latest Bachtelle and Associates report shows that revenues in 2017 have already reached nearly \$1 billion with 17,800 micro markets placed. There is evidence that micro markets are in the growth phase, with plenty of additional opportunities, especially as operators seek to make smaller micro market solutions work in locations. Initially, locations with population sizes of between 150 to 500 employees were thought to be the only opportunities for micro markets. As the segment evolves, however, that assumption has been proven false. Operators can make locations between 100 to 125 employees work with micro markets and less expensive options exist

to lower that number even further. Micro markets are also being placed at much larger locations, the 500+, to fulfill the need for 24-hour grab and go food, when a solution such as a cafeteria or deli is closed. Having access to food, especially snacks and quality drinks, is especially important to Millennial employees, and therefore important to the Human Resource managers that try to create a workplace culture that appeals to them. In addition to the benefits they offer locations, micro markets appeal to consumers as well. They address many of the complaints that consumers had with vending machines, such as not being able to pick up and examine the items before making a purchase. The open concept allows for not only examination, but a wider variety of products that aren't limited to vending size or vending packaging. Food and perishable items such as fresh fruit and dairy products are some of the most popular micro market items and this trend will continue.

Another key area for micro markets, as well as the vending and pantry service or OCS segments, is cold beverages. This category continues to make up the bulk of revenues for

operators, but the channel has been experiencing a consumer driven shift towards healthier items, which will continue into 2018. Bottled water is gaining traction, according to the most recent report by Beverage Marketing Corp. It has surpassed carbonated soft drinks to become the top beverage by volume. It appeals to consumers as a healthy, natural option that is also convenient. Pricing is aggressive, contributing to its volume growth, which enlarged by 8.6 percent. Value-added water and ready-to-drink coffee also advanced, according to the Beverage Marketing Corp.'s report. Carbonated drinks and fruit beverages, while still large segments, failed to grow.

Coffee co-stars in 2018

The OCS segment can't be overlooked for its growth potential either. These services are most often paid for by companies and offered to employees free as a benefit. With unemployment rates projected to stay low as the economy strengthens, leading to more jobs, the OCS opportunities won't fade in the near future either.

The Conference Board Economic Forecast for the U.S. Economy projects robust growth. Not only is the economy projected to grow by 2.4 percent, but consumption is as well, which is positive as growth in 2018 relies heavily on domestic spending and investment. According to the forecast, wage increases are likely as the economy produces thousands of new jobs, keeping the unemployment rate low.

The supply and demand issue of more jobs than good employees to fill them will also drive up onsite benefits, such as refreshments. Already the industry is seeing this trend. Companies want to attract, retain and reward employees. There will be a focus on well-designed breakrooms that are Millennial, and even iGEN friendly, with social refreshment spaces that

include at-work specialty beverages paired with healthy grab-and-go snack items. Pantry service or micro kitchen, where the employer pays for there to be free food and beverages in the break room for employees, has been a steady area of revenue growth for the majority of full-line and OCS operators. Companies find themselves in need of solutions that will be considered a benefit to employees, and create a more appealing corporate atmosphere for the younger professionals.

In its most recent census of the industry revealed during the 2017 Coffee, Tea & Water show, NAMA found that pantry service was offered by just over 2.5 percent of operators and made up 1 percent of the revenue, roughly \$315 million of the \$25 billion dollars NAMA attributes to the industry as a whole. While this was the first year the association measured the segment, it showed impressive revenue potential with 35,000 locations showing an average sales per location amount of \$840,000 per year. The presenter pointed out the comparison to micro markets, which the NAMA census showed had average per location sales of roughly \$780,000 and currently at 18,000 locations.

*Micro Market revenues have already reached **\$1.6 BILLION.***

There is also the opportunity for a greater number of retail/restaurant locations as bean-to-cup and various additional single-cup options become more well known. Operators are noting that locations such as restaurants are opting to offer specialty or premium hot beverages in order to recoup sales lost to health-conscious diners opting out of dessert. Coffee and even coffee-liquor drinks are becoming the go-to source for a solution and OCS operators have the staff, knowledge and distribution expertise to support this emerging trend.

In vending it's all about technology

With micro markets and OCS in the spotlight, what about the rest of the industry, specifically, vending machines? Vending continues to provide a backbone to the industry, with many operators focusing on offering machines, great service and a variety of products. Vending revenues continue to go up, according to the State of the Vending Industry report, while the number of machines is actually decreasing. This is directly attributed to technology investments, such as vending management systems, which reveal lower margin accounts that need to be reconsidered as well as allowing operators to better maximize profits from existing account.

Another technology impacting the vending industry is cashless, which helps operators capture more sales within a location and compete with a technologically-advanced world. According to the State of the Vending Industry, only about a third of the vending machines currently accept a form of electronic payment, commonly called cashless payments (I.e. credit or debit cards and mobile wallet apps). This upgrading of vending machines has gained significant

momentum in the past 5 years, and is projected to continue gaining as it is the preferred payment method of most consumers.

Contributing to the growth of cashless is the ability to recoup cashless transaction fees using two tier pricing where a 5 to 25 cent discount is given for using cash (or only charged to cashless users). Operators have found many locations, especially those with a high percentage of Millennials, prefer the convenience of the cashless and are willing to pay a bit more for it. It is estimated that cashless is cur-

rently the preferred payment method for those under age 30, especially for transactions under \$5. CreditCards.com, the site that conducted the survey in 2014, found that a majority, 51 percent, of consumers 18-29 prefer plastic to cash. These are the Millennial employees and currently make up the majority of the workforce.

With cashless also comes a more inviting opportunity to con-

nect to machines remotely as well. More operators will opt to utilize remote monitoring where sales data can be collected from the machine and used to pre-pick products in the warehouse before the driver leaves to restock a route. This will open up avenues where operators can be more efficient, using dynamic scheduling and electronic picking systems in the warehouse, as well.

The additional product level sales data will also make operators better at tailoring the vending machine products to a specific location, driving up sales. Many operators are already utilizing these technologies and sharing their positive experiences. Others are following. The addition of these technologies helps to elevate vending, which will continue into 2018. | ◀

Marketplace

Inquiries to Julia Sheade: Toll Free: 800-547-7377 x1608 • E-mail: jsheade@southcomm.com

THINKING OF SELLING? Call us first.

Over 55 Years of Combined Industry Experience

Jerry: 516 621 7159 | Stan: 914 921 6341

JS Business Services, LLC

M&A and Consulting for Vending and OCS Business

www.JSBusiness-Services.com



PureWaterCooler®

VERTEX WATER PRODUCTS **Point-of-Use Dispensers**

2 & 3 Temp Models • 2 Filtration options
Floor Standing & CounterTop

PWC-7000 **800-627-2146**
www.VertexWater.com

TARGET YOUR AUDIENCE with classified advertising in **Automatic MERCHANDISER**

Call Julia
Sheade at
800-547-7377



**The Over-Under Combination
Snack & Cold Drink Merchandiser**

Hottest selling combo on the
market today!!

On Sale Now

Vending Machine Sales
888.401.8363 • 800.313.1821
www.vendingpriceline.com



Aker Service Co

Coin & Currency Counters
New & Used

**Reconditioned Brandt
& Cummins in Stock**
Parts and Service for
Most Brands & Models

(859) 225-8244

Lexington, KY

www.cashhandlingsolutions.com

NEW VERTICAL LED LIGHTING

ULTRA-LITE WEIGHT MICRO MARKETS

NO TOOLS REQUIRED



- Ultra-Lite Weight Panels
- Easy Install Pin Systems
- Vertical LED Lighting
- Automatic Delivery System
- Threaded Connections
- 18-inch Deep Shelves
- Changeable Graphics
- NO TOOLS REQUIRED



AUTOMATIC DELIVERY SYSTEM



CONTACT US TODAY: 972.905.3523

WWW.GRAPHICSTHATPOP.COM

1620 E STATE HWY 121 BUSINESS, BLDG A, STE 100, LEWISVILLE, TX 75056

©GRAPHICS THAT POP, INC. 2017. ALL RIGHTS RESERVED

WHOLESOME, FLAVORFUL, Real



Aim to attract millennials with intriguing flavors inspired by global recipes baked right in. Véa snacks are purposefully crafted from real ingredients with no artificial flavors or colors and always Non-GMO Project verified.



Mondelēz
International

fs-snacks-desserts.com | Letschatsnacks.com

©Mondelēz International group

Snack
FORWARD