

Automatic MERCHANDISER

The Vending, Micro Market &
Coffee Service Industry Resource

Powered by **Vending**
MARKETWATCH.COM

A Focus On The Fundamentals

» SUCCESS STORY IN MINNESOTA

A robust staff and quality customer
service help Berry Coffee flourish
in a booming coffee industry.

page 26

Steve Brehm,
Founder, CEO
and President
of Berry Coffee

OCS STATE OF THE INDUSTRY ANNUAL REPORT

At-Work Refreshment
Drives Up OCS For
10th Straight Year

Brand Sparkling New.



Cool and
crunch with
Chewblet® ice



Enjoy sparkling
water at the press
of a button



Drink chilled still
water for pure
refreshment



Chewblet® Ice and Sparkling Water Together at Last

Sleek in style yet versatile in design, the new 7 and 15 Series Sparkling water and ice dispensers redefine the joy of refreshment. For the first time ever, enjoy premium sparkling water and our signature, consumer-preferred Chewblet® ice all in one innovative package. Only from Follett.

Learn more at www.follettice.com/sparkling

FOLLETT®

WHY 100%?

Adding ePorts on even your lowest performing machines provides a surprising boost in sales

**75%
INCREASE
in top-line sales on
LOW
VOLUME
MACHINES***



USA Technologies' ePort Connect services (cashless payments, consumer engagement, and DEX telemetry) give you all the operational benefits of a connected machine with the added sales boost you get from cashless. Learn more at www.usatech.com.

If you're not connecting 100%, you're not collecting 100%

*2017 USAT Knowledge Base analysis of low-volume machines (under \$2K/year) from customers that have connected 100% of their operation.



800.770.8539 • www.usatech.com

Contents

SEPTEMBER 2017

VOLUME 59, NUMBER 6



SUCCESS STORY OPERATION PROFILE

26 ▶ A Focus, On The FUNDAMENTALS

Berry Coffee Founder, CEO and President Steve Brehm emphasizes a robust staff and quality customer service in a booming coffee industry.

OFFICE COFFEE SERVICE ANNUAL REPORT

34 ▶ Boom In At-Work Refreshment Drives Up OCS For 10th Straight Year

In 2016, more businesses asked OCS providers for premium options, opting for taste satisfaction and convenience over price.



FEATURES

14 ▶ OCS Update: Everything Is Bigger and Better At This Year's CTW

If you're in the U.S. coffee services industry, this is a must-attend event.



18 ▶ Is Your Brand Holding Up On Both Sides Of The Digital Divide?

Incorporating consumer psychology into your marketing can help.

22 ▶ The Power Of The Executive Forum Experience

Where leaders broaden their outlook with new ideas, current events, deep dives and talking to visionary peers at the executive level.

DEPARTMENTS

8 ▶ Editor's Note

Climate Change Hits Home

10 ▶ VendingMarketWatch News

42 ▶ Classifieds

alliant

COFFEE SOLUTIONS

WOLFGANG
PUCK

C O F F E E



baristaTM
SELECT

OrganaTM
Fine Organic Teas

BEV^B
BAR



Torani[®]



BARNIE'S
COFFEE & TEA CO.[®]

CAKE **BOSS**

HURRICANE
- COFFEE + CAFÉ -



110 W Dayton St • STE 3-201 • Edmonds • WA 98030
www.alliantcoffee.com • 800 465 4240

Online Exclusives

AVAILABLE ONLY AT VENDINGMARKETWATCH.COM

BLOGS, PODCASTS & VIDEOS



► GUEST BLOG: Jennifer Skidmore Gets Fired From Micro Markets, Again

www.vendingmarketwatch.com/12367862

► EDITOR'S BLOG: Competition Will Force Payment & Marketing Creativity

www.vendingmarketwatch.com/12360537

► EDITOR'S BLOG: Educating That Pesky Customer

www.vendingmarketwatch.com/12364434



► STRATEGIC MANAGEMENT: Yelp Responds

www.vendingmarketwatch.com/12359498



► VIDEO: Top 5 Healthy Micro Market Snacks

www.vendingmarketwatch.com/12363088

SPECIAL REPORT



Mickal McMath Shares The Truth Behind Healthy Micro Markets

www.vendingmarketwatch.com/12362353

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. 6

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

ASSOCIATE EDITOR **Brittany Farb Gruber**
(847) 454-2736
Brittany.Gruber@VendingMarketWatch.com

SUPPORT STAFF

ART DIRECTOR **Erin Brown**
PRODUCTION DIRECTOR **Steve Swick**
PRODUCTION MANAGER **Barb Evenson**
Telephone: (920) 563-1629
Fax: (920) 568-2392
bevanson@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 Kammerzell**
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@omeda.com
PO Box 3257 • Northbrook IL 60065-3257

ARTICLE REPRINTS

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



The World Wide Vending Professionals 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 Latest E-Commerce Technology for your OCS/Pantry Ordering

Grow Your OCS Business with an Online Store!

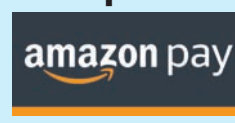
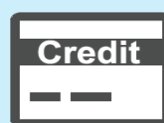


- ✓ Custom Pricing by Customer
- ✓ Product Images Supplied!
- ✓ Integrated with VMS
- ✓ E-Mail Order Reminders
- ✓ Shopping Lists

- ✓ Marketing Support
- ✓ Feature New Products
- ✓ Recommend Linked Products
- ✓ Unlimited Products & Clients
- ✓ Customized for Your Brand

Tech 2 Success combines state of the art E-Commerce technology with full service technical and marketing support to ensure your store launches quickly and successfully!

Offer Flexible Payment Options



Call (347) 409-5392 or visit OCSWebsite.com

Our Services Include:

IT & Operations Consulting | Web Design
Internet Marketing | Private Cloud Hosting
Online Backup | Systems Integrations | Office 365
Hosted Microsoft Exchange | Social Media Marketing

OptConnect
MANAGED WIRELESS SOLUTIONS
Authorized Reseller



Climate Change Hits Home

From uncertain coffee futures to terrible hurricanes, mother nature is pushing us on all sides.

I live and work far from an ocean. To me they are symbols of beauty, freedom and even sustenance. This year however, they also represent a terrible fate for thousands of people that live on our coasts. The two large hurricanes, Harvey and Irma, have destroyed lives, cost millions and reminded us to evaluate what we are doing day to day. It's a reminder to spend time with friends and family, feel thankful when times are good,

and also to consider how we are impacting our world long-term.

Warming planet = not good

I concede that not everyone believes in climate change caused by humans, and that these two isolated storms do not prove climate change is happening or affecting weather. However, I do believe it. I believe climate change is causing warmer weather, warmer waters which is what Hurricanes feed on as well as higher sea levels. I think there is support for climate change especially

when you consider how it is and will affect other areas of our business too.

Coffee is one of the crops being affected by climate change. Many coffee growing regions are experiencing warming temperatures. One report centering on Ethiopia, where the original coffee plant *Coffea arabica* comes from, talked about how global warming is reducing rainfall and increasing heat. According to Comunicaffe, this will not only affect millions of people that rely on coffee to make a living, but will affect the price of coffee around the world. The CBC reported research that 39 to 59 percent of Ethiopia's current coffee production areas could be unsuitable to grow coffee by the end of this cen-

tury. Not to mention the impact in other coffee growing regions of coffee rust and other fungus that destroy coffee crops and are worsened by climate change. This year's State of Office Coffee Service Report, on page 34, explains how coffee is and will continue to generate strong revenues. However, for this to continue, we need to ensure a great coffee future.

Chocolate too, being produced from cocoa beans, is affected by the planet heating up. Cocoa trees grow in a limited area of the world, and production will drop as those areas become hotter and drier.

Efforts being made

Major companies in our industry are addressing the issue of climate change in different ways. The most recent and notable as we recover from two devastating hurricanes is Mars' announcement to spend \$1 billion on sustainability.

In early September 2017, Mars unveiled the Sustainable in a Generation plan, which addresses environmental concerns as well as the well-being of people. "We must work together, because the engine of global business — its extended supply chain — is broken, and requires transformational, cross-industry collaboration to fix it," said Chief Executive Officer and Office of the President, Grant F. Reid, in the company's release. Mars is planning that by 2050, it will reduce the carbon footprint of its business and supply chain by more than 60 percent.

There are also vending, OCS, and micro market operators investing in sustainability. One such example is Steve Brehm of Berry Coffee, profiled on page 26 of this issue, who installed solar panels on his facility in Minnesota.

My thoughts and prayers go out to those affected by the recent hurricanes. Along with donations to relief efforts, I challenge myself and everyone to also consider our environmental impact. It may not have as immediate an affect as money and goods, but it will ensure the industry's long-term success. | ◀



CLIMATE
*affects
our
industry.*

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
Cantaloupe Systems

Jeff Whitacre
Food Express

Jeff Deitchler
PrairieFire Coffee Roasters

Jim Carbone
Workwell and Tradecraft
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

IT Managers, Firewalls, Assigning Ports— Frustrated Yet?



Don't deal with the frustrations that come with local IT interference.

OptConnect is here to help with your cellular internet connectivity. By bypassing local IT, OptConnect provides customers with instant installation, placement freedom, stable firewall settings, private dedicated connection, and 24x7 support. Contact us today to learn how you can get your vending location up and running faster.



Call OptConnect Today
877.678.3343

Industry Provides Hurricane Relief In Multiple Forms

When Hurricane Harvey first made land fall, suppliers and operators in Texas started relief efforts. Accent Food Services began a coordination effort both asking to be contacted by those in need, and being a distribution point for aid. The company quickly created a dedicated email address and hub for industry relief efforts. It was joined by a number of other companies, including Company Kitchen who added the option to donate to Hurricane Harvey victims to their kiosk screens. PayRange added a donation option to its mobile payment app, Coca-Cola pledged support for relief and rebuilding efforts and Nayax reported that it would donate 5 percent of September sales to Hurricane Harvey relief. Then Irma hit, and the call to action began again as affected companies, such as Holiday House Distributing, were forced to close due to a loss of power, and more aid was needed.



The vending industry rallied together to provide hurricane relief and donation options.

Unnamed supporters

While VendingMarketWatch.com published all official news announcements about aid, our sources share that support came from many more unnamed individuals and companies across the industry. These sources express heart-felt thank yous.



CVS Places Its Own Vending Machines

► CVS Pharmacy, the retail division of CVS Health, announced the introduction of automated retail vending machines stocked with 70 convenient, on-the-go necessities including over-the-counter health products,

“better-for-you” snacks and popular personal care products typically sold at CVS Pharmacy locations nationwide. The new vending machines are designed to help maximize convenience and meet customers where they are with on-the-go wellness solutions outside the traditional retail space.

Amazon Launches ‘Instant Pickup’ Vending Machines

► Amazon has announced Instant Pickup, a free service offering Prime and Prime



Student members a curated selection of daily essentials available for pickup in two minutes or less from vending machines or self-service lockers. The roll out is happening at five fully-staffed locations in Los Angeles, Atlanta, Berkeley, CA, Columbus, OH, and College Park, MD. Items available with Instant Pickup include snacks, drinks and electronics, as well as some of Amazon’s most popular devices.

Amazon plans to expand the Instant Pickup program to

other locations near college campuses, and even to the mass market if all goes well.



Accent Buys Merrifield Vending

► Pflugerville, TX based Accent Food Services has acquired the assets of Merrifield Vending in Chantilly, Virginia. This acquisition marks the eleventh of this year for Accent Food Services and the first add-on for the Company’s Mid-Atlantic Division.

Marc Rosset, founder of Professional Vending Consultants, Inc. in Chicago served as intermediary during the transaction.



Startup Launches ‘Bodega’ Vending

► *Fast Company* profiled a new startup, Bodega, who plans to install “unmanned pantry boxes” or vending machines where consumers live. The large boxes contain everyday items, are unlocked with an app. A camera monitors what you remove, charging it to your credit card. The software also sends out a message when it needs restocking and “learns” about the preferences at a location. The founders, both former Google employees, unveiled 50 locations where these machines will be placed on the West Coast, going national soon afterwards. By 2018, the company hopes to have a thousand, reports the source.



Eagle Foods Acquires Popcorn, Indiana

► Eagle Foods announced the closing of its acquisition of Popcorn, Indiana, the maker of the well-known ready-to-eat ("RTE") popcorn products, as part of the company's continued initiative to increase its snacks portfolio.

Continental Acquires Satellite Vending

► Continental, Michigan's largest food management company, announced it has acquired Satellite Vending Company, a subsidiary of VendTek Wholesale Equipment, Inc., located in Wixom, MI.

Marc Rosset of Professional Vending Consultants, Inc. assisted as intermediary in the transaction.



VendSys Very Pleased With Trial Verdict

► Synectic Software Solutions, Inc., maker of VendSys Vending Management System, reports that it is very pleased with the Massachusetts federal court's favorable ruling in a recent lawsuit brought by Gimme Vending, LLC, says VendSys President John Davies. The court rejected Gimme's copyright infringement, misappropriation of trade secrets, unfair competition and breach of contract claims, and found

that Gimme was not entitled to any monetary damages. The case related to a failed business relationship concerning the attempted integration of the Gimme's Bluetooth Low Energy DEX reader, the Gimme Key, with VendSys' handheld software. Gimme filed a seven-count complaint soon after VendSys advertised that it integrated with a competing Bluetooth device, wrongly alleging that VendSys copied Gimme's technology in order to integrate with that competing device.

Coffee Enterprises Streamlines Presence

► Coffee Enterprises is streamlining its company operations and communications into one central point. All business, technical, and consulting services are now consolidated using the Coffee Enterprises company name. All webpages will redirect automatically to www.coffeeenterprises.com and emails will be @ce.coffee.

Georgia Vending Employee Arrested For Theft

► Police have arrested an employee of Dixie Riverside, a vending business located in Augusta, GA, accused of taking money while restocking vending machines, according to a report by *The Augusta Chronicle*. The owner of Dixie Riverside provided a list of over a dozen incidents of theft from the vending machine and of the driver putting money into his personal vehicle. The owner claims the driver admitted to stealing more than \$5,000, according to the source.

COFFEE, TEA AND WATER **BOOTH 712**

BOOST YOUR PROFITS WITH AN EMPLOYEE FAVORITE – NUGGET ICE!



At Follett, we're all about the ice! Preparing iced coffees, iced teas and perfectly blended smoothies has never been easier. Since 1948 Follett Corporation has led the ice industry in designing and manufacturing high quality, innovative products. Follett ice machines advance the science of providing soft, chewable, Chewblet® nugget ice.

FOLLETT®
Innovative solutions, inspired by ice



VISTAR IS THE RIGHT DISTRIBUTOR FOR YOU AND YOUR BUSINESS!

We carry the top selling coffees and teas plus an extensive selection of national and regional brands. We also offer a variety of break room and coffee essentials, including sugars, creamers, cups, lids, napkins, straws, cleaning supplies, and equipment. And for your growing pantry business we have a huge selection of food and beverages, including better-for-you snacks to fuel workplace productivity! For more information please contact your local Vistar Representative.

VISIT US AT BOOTH #709



VISTAR

vistar.com
1.800.880.9900

NAMA'S Third Annual Fly-In Soars To New Heights

Nearly 300 NAMA members and guests gathered in Washington D.C. July 25 and 26 for NAMA Takes the Hill, the association's third annual Fly-In, according to Eric Dell, NAMA's SVP of External Affairs.

"We are inspired by the breadth and scope of participation this year and so proud of all that was accomplished in our two days in D.C.," said Dell.

Attendees representing 40 states and Washington D.C. took part in 241 scheduled meetings to discuss three main issues: Calorie Disclosure, the Death Tax and the Small Business Regulatory Flexibility Improvements Act.



The 2017 Fly-In led to 241 meetings, representing 45 percent of congressional offices overall.

CALENDAR OF EVENTS

SEP 28-30
Texas Merchandise Vending Association 2017
The Omni
Corpus Christi, Texas
<http://tmva.org>

OCT 12-14
ACE 2017
Embassy Suites Hotel at Kingston Plantation
Myrtle Beach, SC
www.atlanticcoastexpo.com

NOV 6-8
2017 CoffeeTea&Water Show
Gaylord Texan Resort Hotel & Convention Center
Grapevine, TX
www.coffeeteaandwater.org

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

COFFEE, TEA AND WATER BOOTH 614

La Colombe Coffee Roasters Unveils the NEW Draft Latte



La Colombe, a leading national coffee roaster and pioneer of the fourth wave of coffee (it's cold!), presents the Draft Latte. The Draft Latte, which is available in Original, Vanilla, Mocha, Triple, Chai Tea, Coconut Milk Mocha and Coconut Milk, brings the foam traditionally found in a hot latte to the refreshingly cold and portable, ready-to-drink can. La Colombe also produces a non-textured, ready-to-drink coffee: Pure Black and Pure Black & White.

La COLOMBE
COFFEE ROASTERS

COFFEE, TEA AND WATER BOOTH 512

BEAN-TO-CUP TOUCH SCREEN EQUIPMENT FROM BRAVILOR BONAMAT

coffee,
espresso
&
specialty
drinks.



Coffee-house quality drinks, brewed to perfection in seconds, from equipment designed to last. The FRESHGROUND and ESPRECIOUS are manufactured to exceed your expectations of professional brewing equipment; delivering machinery with advanced technologies that reduce machine touches per year and are sustainable and profitable to operate. Ideal for markets where discerning users want a more gourmet cup experience.

**BRAVILOR
BONAMAT**

Making Offices Happy Since 1957



Satisfy a variety of today's taste preferences with equipment that is engineered to deliver great results in the cup, day-after-day. Choose Experience. Choose BUNN.



bunn.com/office-beverage-systems



Everything Is Bigger and Better At This Year's CTW

By Adrienne Zimmer, Contributing Editor

If you're in the U.S. coffee services industry, this is a must-attend event.

For the last decade, NAMA's CoffeeTea&Water (CTW) show has been the premier event dedicated to the U.S. coffee service industry and it's not hard to see why. Education has always been the focus of the three-day event, allowing attendees to learn about current and future trends, industry reports, new technologies and much, much more. The event welcomes new and senior coffee service industry members and offers networking and educational opportunities for everyone, no matter the stage of their career. This November the 10th annual CTW show will keep up the old tradition of offering top-tier education, while simultaneously introducing new innovative

topics and solutions to help coffee service operators grow their businesses.

Keeping the old, adding the new

Education will still be the focal point at this year's CTW show, held Nov. 6 to 8 in Grapevine, TX, but this year the sessions will focus on hot topics in the industry, including sustainability, innovation and disruption, cybersecurity, workplace café design and delivery, and pantry services, to name a few. "Over the 10 years, education has remained the key component to CTW, with focused training in customer service, coffee brewing, tea, water, sales and technology," said LyNae Schleyer, NAMA's vice president of events.

"It is important to serve the educational needs of seasoned operators as well as "blended" operators adding a coffee line to their business."

The show and educational lessons kick off on Monday, November 6 with CTW's Opening Session speaker — futurist, trends and innovation expert Jim Carroll. "Jim has worked with companies like Walt Disney, the PGA, NASA, the Wall Street Journal and DuPont," said Schleyer. "He is a recognized thought leader on global trends, rapid business model change, disruption and fast-paced innovation."

Oftentimes, coffee service operators are challenged to provide both great customer service and innova-



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.**



tion in offerings to grow business, and that's where CTW's educational sessions come as an advantage. "Those new to the industry will benefit from almost all of the educational sessions," said Rori Ferensic, NAMA's director of education and credentialing. "Senior-level practitioners will benefit from hearing about the most pressing topics affecting the industry right now, in addition to seeing new products on the show floor and networking with their industry colleagues."

Attendees can sit in on future-forward educational sessions, including a session on how to protect your business from a Cyberthreat, with expert panelists Dr. Michael Kasavana, MSU/NAMA endowed professor emeritus; John Hickey, co-founder of Tech2Success; Chris Bucolo, MBA, PCIP Director, Market Strategy at ControlScan, Inc.; and Jon Harris, vice president of Cybersecurity at Compass Group North America. Other sessions include the evolving bean-to-cup market and how sustainable business practices can drive the bottom line.

"We will also report out on the 2016 NAMA Industry Census as well as provide a government affairs update in conjunction with our colleagues from IBWA (International Bottled Water Association)," said Ferensic. CTW will once again colocate with IBWA's Annual Business Conference, sharing in education and show floor activities.

A BIG location

Over the last ten years the trade show floor has increased in size, and in the variety of products and services supporting the office coffee industry. More than 100 companies plan to show their products at this year's CTW, including Bunn-O-Matic, de Jong DUKE, White Bear Coffee Company, Moe's Kombucha and many more. For a full list, take

a look at www.coffeeteaandwater.org. "The continued growth of CTW in attendance and exhibiting companies demonstrates the importance of coffee service for operators and their customers," continued Schleyer.

This year will also be the first time CTW will be held at the Gaylord Texan in Grapevine, TX just a short drive from the Dallas/Fort Worth International Airport, a centralized destination with easy access from all areas of the U.S., making travel more seamless for attendees, said Schleyer. The Texas location also offers CTW attendees a plethora of comfortable networking areas during the day and into evening outings. After educational sessions and trade show hours, attendees can check out local attractions including the Grapevine Vintage Railroad, Nash Farm and Sea Life Grapevine Aquarium to name a few.

NAMA has partnered with both Delta and United Airlines to offer 10 percent off flights to CTW, so be sure to check out www.coffee-teaandwater.org/hotel-travel for more details.

See you in November

CTW has proven to be a benefit not just for OCS CEOs and managers, but also for all coffee service industry employees. In fact, many operators bring their employees for added learning and connections, a potential factor in gaining leads over the competition. "What attendees gain from CTW is the ability to really network, share in-depth conversations and build contacts to help grow and build their coffee business," added Schleyer.

Today's consumer is tech-focused, future-forward and extremely interested in coffee, tea and water. Make sure you're giving them the beverages they desire and the ones they don't know they love yet. If you're providing services in the office coffee service industry, CTW is a must-attend event. | ◀

At the Show: Schedule-at-a-Glance

MONDAY 11/06

7:00am – 6:00pm
Registration Open

8:00am – 12:30pm
Coffee 101 (separate fee)

9:00am – 1:00pm
Coffee's On!

12:45pm – 2:30pm
Opening Session

3:00pm – 4:00pm
Educational Sessions

4:15pm – 5:15pm
Educational Sessions

5:30pm – 7:00pm
CTW/IBWA Welcome Reception

TUESDAY 11/07

6:15am – 7:00am
Boot Camp (separate fee)

7:15am – 7:45am
Fitness Walk

7:00am – 8:30am
Continental Breakfast

7:00am – 11:00am
Coffee's On!

7:30am – 5:30pm
Registration Open

8:30am – 9:30am
Educational Sessions

9:45am – 10:45pm
Educational Sessions

11:00am – 12:00pm
Educational Sessions

12:15pm – 2:00pm
Attendee Lunch in Exhibit Hall

12:15pm – 5:30pm
CTW and IBWA Tradeshow Open

WEDNESDAY 11/08

7:00am – 11:00am
Coffee's On!

8:00am – 11:00am
Registration Open

9:00am – 10:30am
Educational Sessions

11:00am – 12:30pm
Closing Session

*Schedule and times are subject to change. See the full schedule at www.coffeeteaandwater.org.

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



Is Your Brand Holding Up On Both Sides Of The Digital Divide?

By John Healy, Contributing Editor

Incorporating consumer psychology into your marketing can help

How many times have you walked into a service establishment and been immediately drawn to their branding — their logo, their colors, their typefaces, their signage, their decor, their uniforms...even their beverage napkins? Well maybe not their napkins.

Then when you get back to your office, you want to show a colleague your “new find,” so you Google them and — bam — you’re on their website and your colleague says, “So what’s the big deal?” Not only was he underwhelmed as he walked away, but you

were, too. Scratching your head, you wonder why their online marketing elements — their website, their Facebook for Business page, their Twitter account, and so on — didn’t look a thing like their “offline brand.”

While this example is oversimplified, it’s often painfully relevant to many companies’ brand marketing efforts, and sometimes for a very simple reason: The offline marketers have traditionally been the gatekeepers of the brand. But as the online marketing function has taken on more prominence — and often its own staff — there can exist a disconnect between the two on both a strategic and tactical level. Total left hand/right hand situation. Sad, but true.

Another much more strategic reason lies in the psychology of sales and marketing.

Psychology: It’s more than just science

British marketing consultant Kath Pay created new marketing terminology (and a successful company) in 2011 called “Holistic Email Marketing,” grounded in the principles of consumer psychology.



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.

er 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.



Psychology enhances both online and offline marketing.

One of the world’s “Top 50 Email Marketing Influencers” (Vocus, 2014), today she consults and teaches clients and seminar attendees about the important connections between marketing/branding and psychology, since psychology and marketing are more alike than you would think. Both fields of study strive to understand the motivation, needs, desires and responses of individuals. As a discipline, psychology has examined and revealed insights into what drives a person’s thoughts, feelings and behaviors. Today, those psy-



chological tenets are being more and more applied to sales and marketing.

According to Ms. Pay, “The benefits of incorporating consumer psychology into your marketing is twofold: you assist your customer in their journey to achieve their objective, i.e., buying a product or service from you, and in turn you, the marketer, benefit from facilitating more successful conversions.”

What follows are some evidence-based theories from consumer psychology that can be applied to your vending, OCS or micro market business. More importantly, you should consider these theories and implica-

tions as they relate to both your offline branding and your online properties.

Persuasion Architecture theory

Persuasion Architecture is a psychological concept that places more control over prospects’ interactions and behavior in your hands. It’s largely based on visual cues — to not only help guide prospects to relevant content, but to influence them to take action. Implicit and Explicit Directional Cues built into your online and offline marketing properties will better direct how your prospects’ eyes move across a screen or printed piece of marketing or sales material.

Implication:

Use line of sight directional cues, such as placing a person’s face, on your website’s home page, splash page, email or brochure — directing your prospects’ eyes to your Call-to-Action. To be most effective, have the person facing and looking directly at your Call-to-Action, rather than eyes forward. That’s an implicit directional cue that will likely increase attention to your CTA and improve your conversions.

Keep in mind a conversion doesn’t necessarily mean a sale. According to Ms. Pay, “It could be to read an article, download a whitepaper, or

click through to the website — it is any action that meets the objective of the email.”

Explicit directional cues are usually more, well, explicit! They often take the form of an arrow, line, or curve that creates a visual pathway — leading the prospects’ eyes directly to the objective of the web page or direct mail piece.

According to Search Engine Watch, “Persuasion Architecture is the notion that you need to model and understand your customers, what they want, and figure out how to persuade them to buy what you are selling. Sounds trivial, but it’s not. We are emerging from the era when marketing focused on branding and broadcasting simple messages to create desire for their products.

“But now there are so many choices available to consumers, and they are in much more control. They don’t want to be slammed with marketing [messages], they want the answers to their critical questions, and, if it makes sense to them, to be able to buy the product.

“It’s made more challenging by the fact that your prospective customers are not all at the same stage in the process. Some of them are ready to make an immediate decision, others are still doing research, and others may be at various in-between stages. In Persuasion Architecture, you strive to be successful in addressing the needs of all of these kinds of prospects.”

Emotion-Driven Behavior theory

Emotion-Driven Behavior is typically right brain behavior. For

“[Consumers] don’t want to be slammed with marketing [messages], they want the answers to their critical questions.”

instance, consumers will act on an impulse and make a buying decision with their right brain, then construct logic and rationale for the purchase with their left brain. In his book, *Unconscious Branding*, Douglas van Praet writes, “Influence is born by appealing to the emotions while overcoming rational restraints.” In fact, he claims that according to research conducted at the University of Virginia, we make 90 percent of our decisions without consciously realizing we’re doing it.

Implication:

Tell a story about your brand that appeals to the emotions of your customers and prospects.

“People love stories, and the human mind is naturally programmed to remember them,” said Ms. Pay. “People learn by finding patterns and meanings in things — hence solitary facts and figures are easily forgotten — but if they are incorporated into stories, people experience them, which helps form an emotional connection. This phenomena is called Grounded Cognition, which essentially means that people live the story when they hear or read it.”

Emotionally engage your prospects on your website, your Facebook and Twitter pages or in your customers’ locations perhaps through compelling headlines, signage and other text, as well as emotionally evocative imagery.

Social Proof theory

Social Proof: Robert Cialdini, author of *Influence: The Psychology of Persuasion*, writes that people are more likely to act when they believe others are doing so. Think Amazon reviews. More than 75 percent of Amazon Prime members buy products that are favorably reviewed by 100 or more other buyers.

Implication:

Make sure your brand has testimonials from satisfied customers, plenty of Likes on your Facebook page, Facebook posts and tweets, and let others do the selling for you.

According to an article written by Ms. Pay, an online betting website performed a test in June 2013 based on Cialdini’s *Principles of Persuasion*. The goal was to increase click through rates to their registration page.

They tested reciprocity (offering free tips and advice in exchange for registration), scarcity (using a “Don’t Miss Out!” message), and the social proof method (advertising their “Likes” on Facebook). While each technique worked, the social proof version drove the biggest improvement — with a 7 percent lift in click through rates.

“While each technique worked, the social proof version drove the biggest improvement — with a 7 percent lift in click through rates.”

Scarcity theory

You've seen the principle of Scarcity dozens of times. Just think of how Apple uses it to drive demand for its products. And online marketers have made this a staple in their marketing toolboxes. It's the proverbial "Act now, only 2 left!" or "This special offer expires at midnight tonight. Don't miss out!"

Implication:

Create a splash page with a CTA that uses Scarcity, but also has a link to your website. Or an email campaign, such as a flyer that gets stuffed into your monthly invoices to customers that uses Scarcity to upsell them to a new machine, products or even a micro market if it's appropriate. (Hint: Make sure your customer — and prospect — lists are segmented based on not only type of customer, but also what your next upsell offer should be. Also consider A/B split testing of your offers — they provide valuable intelligence that helps nail down solid offers.)

Anchoring Theory

According to the content marketing gurus at Marketo, Anchoring comes from a cognitive bias known as a heuristic, which describes the human tendency to rely heavily on the first piece of information that you receive (the anchor) when making decisions. When buyers need to choose between options, they look for a base from which to start — this is the anchor. An example is promoting a product on sale with its original price prominently listed. Buyers will see the original price and anchor it in order to evaluate how good the sale price is.

Implication:

Coffee and related condiments could be the perfect opportunity to use the Anchoring principle. From whole bean to single-serve to ground coffee, as well as creamers, sugars/substitutes and flavored syrups, how easy would it be to associate your brand with the "Best Deals in Coffee...Anywhere" by anchoring an original price next to a remarkable sale price?

Ideally, you should test some of these theories (and related implications) in a cross-channel marketing

campaign that includes your online properties, email marketing and offline strategies, including advertising, direct mail, trade shows, local networking, speaking opportunities, traditional PR...whatever works best for you. But don't forget to be sure your brand is holding up on both sides of the digital divide! | ◀



DRAFT LATTE®

#1 FASTEST GROWING
RTD COFFEE BRAND
IN THE COUNTRY

REAL COFFEE. REAL MILK. NO BS.

La COLOMBE

DRAFT LATTE®

FROTHED MILK
COLD-PRESSED ESPRESSO

REAL COFFEE DRINK 120 CALORIES 9 FL OZ (266 mL)

					
Good Source of Protein (7g per can 15%)	Excellent Sources of Calcium and Vitamin D	No Added Sugar	Only Natural NON-GMO Ingredients	Real Coffee Our Nizza blend	Gluten Free



The Power Of The Executive Forum Experience

By Emily Refermat, Editor

Where leaders broaden their outlook with new ideas, current events, deep dives, and talking to visionary peers at the executive level.

Being the leader of a business has always meant standing apart. Most owners and senior managers have years of experience and know-how. They are hyper-focused on their company and growing incremental sales. They are the go-to person for employee questions and corporate strategies. For some, this is an isolating experience that stalls personal and professional growth,

ultimately hurting their companies. The question is, whom can these owners and entrepreneurs turn to for advice and help? The answer is other executives and subject matter experts during executive forums.

Executive forums are designed for C-level business stake holders, such as chief executive officers (CEO), chief operating officers (COO), chief financial officers (CFO), etc. They are

programs full of specific, high level training given by professionals and are a can't miss opportunity to network with others in the same tier of responsibility.

"It's a great sharing moment amongst executives and leaders that goes from a personal level to a family level to a professional level," said Joe Hessling, CEO of 365 Retail Markets

Josh Rosenberg, left, CEO of Accent Food Services at the KPMG QuantumShift event with Stewart Thornhill, University of Michigan, and Joe Hessling, CEO of 365 Retail Markets.

about his experience with executive forums. He was invited to attend his first executive forum in 2016. "I think the most important piece I got out of it was professional growth.

It's not very often, as the leader of an organization, that you get into a position where you are growing. Usually you are reacting or focusing on the strategy of your business. But in the forum, you are around people with the same struggles, or different viewpoints of the same struggles, and able to share."

Hessling has since attended subsequent forums and is committed to helping others experience the same benefits as he did. He was attending the KPMG QuantumShift executive forum for the second time when Josh Rosenberg, CEO of Accent Food Services in Pflugerville, TX first attended. Rosenberg couldn't have found the experience more beneficial.

"The beauty of it is you are able to go into this environment where there are really no boundaries, and you are learning collaboratively within this group from some of the top subject matter experts in the field around crisis management, positive leadership, change management — things that are really driving businesses today," explained Rosenberg.

Learning collaboratively and feeling inspired to push beyond daily

operations are concepts NAMA CEO Carla Balakgie believes are a must in an executive forum. “Working day-to-day in a business, there is rarely a chance to look beyond where you are. An executive forum is a place to step back and work on your business, instead of in it,” she said. “All the answers are not within yourself. Instead, you must expose yourself to concepts and precepts that stretch you,” added Balakgie, “...so you can stay up, and get ahead, of what is coming at you.” These are the ideas driving the annual NAMA Executive Forum, the second of which is coming up in December.

Inside an executive forum

“It’s an opportunity to learn from peers, backed up with really strong faculty,” explained Stewart Thornhill, executive director of the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies, housed at the University of Michigan’s Stephen M. Ross School of Business. It sounds simple, but it’s a multi-faceted concept. Many entrepreneurs experience challenges, but lack a peer network with which to discuss these challenges or changes in their business. Thornhill’s goal was to rectify this. He became the driving force that brought the KPMG QuantumShift program to the Stephen M. Ross School of Business. He modeled it after the program where he had been teaching previously in London, Ontario, Canada. Using its many offices, KPMG meets with and identi-

“It’s a great sharing moment amongst executives and leaders that goes from a personal level to a family level to a professional level.”

Joe Hessling, CEO of 365 Retail Markets

fies potential forum participants. The participants then come together for a one-week program meant to educate and broaden their view. “Forums like this are powerful,” said Thornhill. “These folks are at the top. Their problems can’t be shared with even the second in command. That’s the power in dealing with people in a similar situation.”

Defining exactly what the KPMG QuantumShift is can be difficult. Only progressive, well-vetted entrepreneurs are invited to attend the program with a maximum of 40 being selected each year. It is also a chance to learn from highly regarded and specialized instructors on business topics focused on company growth, preparing for the unexpected and the impact of current events. During the program, participants are encouraged to socialize, share challenges, recount successes and network. It is a combination recognition program, educational seminar, networking event and so much more. “The participants all face similar challenges and issues. What happens is they form a tribe, of sorts, and build relations quickly,” explained

Thornhill. This is a sentiment echoed by Josh Rosenberg who was invited to attend the 2017 program.

“Attending the KPMG QuantumShift means being selected to a group of elite entrepreneurs...a network of high achieving colleagues,” Rosenberg said. “What you come to realize as you go through the process leading up to and going through the event, is that regardless of the business that you’re in, we’re all facing the same problems. People, how to innovate, how to recruit and retain, how to become a relevant brand and stay relevant within the space we operate.” Rosenberg felt it was a truly worthwhile week.

Once entrepreneurs have participated in the program, they can return the next year as a fellow. “As a KPMG fellow, there are perks and obligations,” explained Hessling. “One of the perks is that we get invited back to the event as the years go by.” In his second year attending, he enjoyed how the education sessions went deeper into topics, the content reached a more granular level. “The obligation is that we are there to help other first-time attendees through the process and make them feel comfortable with what is taking place,” Hessling added.

NAMA’s Executive Forum

NAMA launched its first executive forum in 2016, with a second planned for December 2017.

“Associations by their very nature are a community of peers who are doing many of the same things and

“The beauty of it is you are able to go into this environment where there are really no boundaries, and you are learning collaboratively...”

Josh Rosenberg, CEO of Accent Food Services

can offer the potential to help each other excel,” explained Balakgie. “The NAMA Executive Forum was designed to coalesce that community of peers and create a dialogue among those people who in many ways are doing the same thing in different places and to help them unlock and uncover both their personal and business power by working together.”

Balakgie also mentions that it was meant to help the industry address things that no program had previously addressed, such as paying attention to external forces, looking at best in class business practices of the for-profit world — innovation, research, laboratories, and the best global thinking.

While all the attendees operating in the same industry, in a sense competitors, may sound counterproductive in an executive forum, the high-level of thought changes the atmosphere. “If you’re thinking about a bigger picture, and if you’re thinking about personal excellence, and you’re thinking about how to move the industry, yourself, and your business ahead, it creates a whole new dynamic,” said Balakgie.

Camaraderie of a ready few

NAMA’s Executive Forum is kept to a small group of foresighted leaders ready to share. “We encourage people that we believe have the right mindset and interest to attend,” explained Balakgie. “You are invited, but it’s not exclusively restricted to invitation only. People elect to come to this. It is not a small financial investment nor a small-time investment and it’s a little risky.” By risky, Balakgie does not mean physically or professionally, precisely. She refers to the speakers and business owners that present and talk about cutting edge topics that challenge traditional assumptions and invite attendees to think about a future that is different. It can make some business leaders uncomfortable. Others might enjoy the topics, but hesitate to share

with other executives about their businesses or the challenges they face. “It’s the ones who do understand and share, who experience the exponential growth,” she said.

“It’s something you can’t afford to miss,” added Hessling. “It is worth every penny not to miss out on what the rest of the industry is participating in, and that sense of forum and sharing, and understanding and being around like-minded people at a high level. This is actually what we see from the KPMG program and it is what we’ve created with NAMA and the executive forum...You walk away as a better leader.”

Rosenberg couldn’t agree more. “It challenges you to want to grow and get better. With each of these executive forums, I’ve come away with something that I have been able

to apply that has made me better as an individual, as a leader, and has helped navigate our company through an opportunity or transformation.”

While there is a substantial investment in time and travel for attending an executive forum event, the benefits are clearly beyond a balance sheet total. Learn from the best while surrounded by people who share the same invested interest in their businesses and level of responsibility. Challenge your professional growth with innovative ideas from outside the industry and broaden your view to encompass what is happening in other business sectors from foodservice to security. Plus, gain a professional network of peers and subject matter experts that form an unwavering support group. It doesn’t have to be lonely at the top. | ◀

How do I attend an exec forum?

For **KPMG QuantumShift**, call up the local office. “Tell the local KPMG, I heard about the program? Do I fit the profile?” suggested Stewart Thornhill, executive director of the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies, housed at the University of Michigan’s Stephen M. Ross School of Business. All nominees are then put through a selection process. Each year, the participant number is limited to 40 attendees in non-competing businesses. Also, only owners or leaders with significant ownership are eligible. “Owner leaders are different than CEOs — they have a different connection to the company,” explained Thornhill. “We found that to be successful, it can’t just be a person with a hand on the control board, but instead someone who has significant ownership in the business.”

For **NAMA’s Executive Forum**, Dec. 6 to 8, 2017, contact NAMA and visit the website, www.namaexecforum.org to explore the event and register.

EXECUTIVE DEVELOPMENT PROGRAM VS. EXECUTIVE FORUM

The long-standing NAMA Executive Development Program (EDP) at Michigan State University is a week-long program designed to accelerate the careers of high potential leaders on their way to the C-Suite. “The EDP is a full immersion project and curriculum where the primary focus is developing industry expertise and knowledge and systems thinking and management capabilities,” explained Carla Balakgie, CEO of NAMA.

She explains that the NAMA Executive Forum is instead designed to take C-Suite executives outside their business, confront them with new ideas and allow them to build successful relationships with other executives and subject matter experts.



coffee, tea and everything else you need

Vistar is the perfect distributor for you and your business. We carry all the top selling coffees and teas plus an extensive selection of national and regional brands including; Folgers, Peet's Coffee & Tea, Cafe Classics, Starbucks, Grindstone, Maxwell House, Twinings and Mars Drinks.

And not only do we have the best brands in the coffee and tea segment, we also offer a variety of other essentials:

- **Non-food items**
- **Sugars and creamers**
- **Cups, lids, napkins, straws and plates**
- **Cleaning supplies, equipment and disposables**

Vistar also stocks everything for your growing pantry business! Including a great selection of better-for-you snacks. Just ask your Vistar Representative for details about our Good To Go program.

VISTAR | vistar.com
1.800.880.9900





A Focus, On The FUNDAMENTALS

By Brittany Farb Gruber, Associate Editor and Adrienne Zimmer, Contributing Editor

Berry Coffee Founder, CEO and President Steve Brehm emphasizes a robust staff and quality customer service in a booming coffee industry.

Starting out with just one truck in 1979, Minnesota-based Berry Coffee Company has now become one of the largest independent coffee distributors in the state and Midwest region. Earning a reputation for world-class service with its fresh-roasted coffee and other refreshment services, the company now distributes more than 1,500 products, which includes the Berry brand in addition to local, regional and national brands. "People like to buy local," said Founder, CEO and President Steve Brehm. "Farmers' markets and organic are more pop-

ular than ever, which has greatly helped us as a local company."

Berry currently runs 12 routes throughout the Midwest. Branding has been especially important as Berry Coffee continues to grow and prosper in the industry. "We have a

very recognizable brand and a great street presence," said Brehm, who describes his business as a hybrid company given its footprint in both the office coffee and foodservice sectors. "We have more than 20 trucks on the road every day. Our drivers

Right, the staff at Berry Coffee Co. are dedicated to ensuring the best customer experience, and the driving force behind the company's excellent reputation.

Left, Steve Brehm's son Joey, left, shares his passion for coffee and service.



are all branded by wearing our shirts, jackets and hats and placing branded equipment. People know our brand.”

When Brehm first opened his doors in the 1970s, he could only dream his business would become a success. Today, the dream is a reality with more than \$15 million in annual sales due in large part to the company’s focus on its customers, employees and passion for coffee.

Commitment to the customer

When Brehm graduated from college, he took a job as a route driver for a local coffee company that also happened to be a paper distributor. The experience quickly introduced him to the world of office coffee service. This experience, he says, greatly shaped the leader he is today. “Starting at the grassroots level, when you get to 30,000 feet, you really have an understanding of the

“Our sustained success and continued growth is directly attributed to [our] great team of professionals.”

entire organization from top to bottom,” he explained. “You appreciate every aspect of the organization and what it takes at every level to make sure the customer experience is the best it can possibly be.”

Being a route driver especially served him well and he attributes the experience to aiding his understanding of the value of customer service. “My early experience in route sales provided a greater perspective on how important the customer interactions are in maintaining account

retention,” he said. “You can develop a brand, but you have to back it up with great customer service, great response time and providing great equipment and products. By doing all that consistently over time, we have developed our reputation as a strong quality service organization that people trust.”

Brehm’s experience has also taught him the importance of keeping a robust staff at all levels. He takes pride in his number of service technicians. “We have more people on the

Plugs Airpots Thermals Faucets Detection Water Filters Switches
Timers Scales Fittings Surge Protection Racks Replacement Parts Wire
Ball Valves Filter Systems Tea Dispensers Pressure Reducers Terminals
Connectors Tools Brushes Airpot Dispensers Cleaners Decanters
Condiment Racks Lead Free Fittings Analysis Shut-Off Valves Flavor Tags



Come See Us At:

Booth #219
ACE Show
Oct. 12-14, 2017
Myrtle Beach, SC

Booth #700
CTW Show
Nov. 6-8, 2017
Grapevine, TX



Our Team Is Always Ready To Help!

OCS | VENDING | WATER
800-443-4318 HHDonline.com



Operation Profile: Berry Coffee Company

Founded: 1979

Founder: Steve Brehm

Headquarters: Eden Prairie,
MN

No. of routes: 12

Annual sales: More than
\$15 million annually

Starting as a driver helped Steve Brehm understand the ins and outs of his business.

street taking care of our customers than most of our competitors,” he said. Currently, Berry Coffee employs eight service technicians, with three employees working on equipment in the shop and the rest of the team out

in the field handling installations and repairs. “That helps us keep that customer experience and service level at the highest point out there. People aren’t waiting one or two days to have their equipment fixed, we are making

sure it happens within one or two hours. When you have 15,000 pieces of equipment, you need to have people working on that equipment all of the time. There are a lot of moving parts in the industry.”



FRESHGROUND BEAN-TO-CUP COFFEE & SPECIALTY DRINKS

ESPRESSO FULLY AUTOMATIC ESPRESSO DRINKS

BRAVILOR BONAMAT BEAN-TO-CUP SERIES

SELF-SERVE TOUCH SCREEN TECHNOLOGY

Consistently serve great coffee, espressos and specialty drinks in offices, hospitality areas, micro-markets and more. Fully customize your drink menu and taste profile for a personalized drink experience. Coffee-house quality drinks, brewed to perfection in seconds, from equipment designed to last.

**BRAVILOR
BONAMAT**
the taste of quality worldwide

Learn more: www.bravor.com/en-us, 630-423-9400, Sales.US@Bravor.com

As Brehm moved up from route sales to a company owner, he has made sure to lead people so that everyone has a shared vision over the entire organization and everyone buys into it. “The single most important tangible asset in our company is our people,” he said. “I’m very proud of the sincere dedication our team displays everyday when dealing with our customer base. We all share a common vision when it comes to the customer care experience. Our professional staff represents the front line of our success as a company.”

Passion leads to success

Brehm was proud to share his passion for coffee with one new employee in particular — his son, Joey, who joined the “Berry Team” four years ago after graduating from

the University of Denver where he earned a degree in business. “His education has brought on a new host of great ideas with more to come as his passion grows for this industry,” said Brehm. “The most important thing I want for him and for every employee is to enjoy getting up and going to work every day. It’s all about creating an atmosphere where everyone is passionate about the work they are doing.”

One of the most notable things about Brehm, in fact, is his passion for coffee, for his business and for the industry. Brehm credits his father with teaching him the importance of combining work and passion. “He was a man of integrity,” Brehm said. “He loved business and loved to have fun. If you’re having fun, everything else becomes a lot easier.” Brehm gets excited when he

talks about his company, something that comes through in every aspect of business from customer service to branding and innovation.

“What excites me most about building a business is the endless stream of creative ideas that it can generate,” said Brehm, including crafting a logo and building a recognizable brand. It also includes getting innovative. “New product offerings are and continue to be a big part of our growth. We are constantly scanning the horizon for the next ‘home run’ idea.”

Berry Coffee has successfully completed more than a dozen competitor acquisitions over the years and last year opened its own coffee roasting production facility. “This will complement our supply chain needs as well as keeping production local and fresh,” said Brehm.

COFFEE, TEA AND WATER **BOOTH 513**

AVANTI MARKETS HEADS TO THE LONE STAR STATE

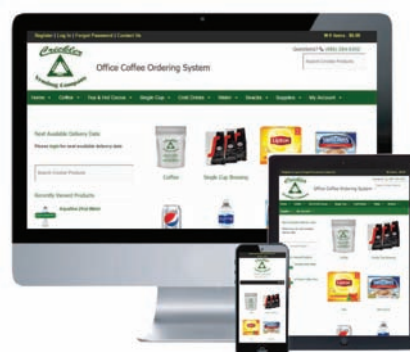


Join us in Grapevine for this year’s NAMA CTW. Stop by and set a spell at our **Booth #513** as we share what’s new and best practices to help micro-market operators succeed and grow.



COFFEE, TEA AND WATER **BOOTH 518**

B2B E-COMMERCE SOLUTIONS FOR OCS/PANTRY OPERATORS



Leverage the latest e-commerce technology to provide your clients a streamlined ordering system for their breakroom supplies. Clients see their custom pricing and delivery schedules. Options to pay via PO, Amazon Pay, Credit Card, and PayPal. Visit us with OptConnect in **Booth 518** to schedule a demo.





Staying power

While Brehm has greatly enjoyed the prosperity of today's industry, he remembers a time that was not so promising. "When I entered the coffee industry in 1976, coffee consumption per capita was actually in decline," he explained. "That was

"Director of Coffee" Brandon Warner, left with Steve Brehm in front of a commercial coffee roaster.

dubbed the Pepsi Generation where people were starting to drink pop in the morning. I think part of that was because the quality of coffee was starting to go down."

Back then the way Brehm ran his business was very different. "We didn't have a web address or know what the term 'internet' meant," he said. "My lifeline to my customers was worn on my hip and it was called a pager. I carried a lot of quarters in my truck and knew where every pay phone was throughout the city. All of our equipment was analogue and the specialty coffee revolution was just getting started at a little roaster at 'Pikes Market' in Seattle. We were fortunate to catch this evolving industry early on and evolve with it through multiple partnerships with many of the big name players."

With the popularity of higher quality and unique coffee blends, the industry experienced a resurgence that withstood major economic downturns. "There have always been economic problems, but soon after I

COFFEE, TEA AND WATER BOOTH 700

JOIN US FOR THE CTW SHOW
STOP BY FOR SHOW SPECIALS!



800-443-4318
www.hhdonline.com

COFFEE, TEA AND WATER BOOTH 518

OPTCONNECT MANAGED WIRELESS SERVICE



Avoid the hassle of dealing with the red tape from on-premise data. OptConnect provides a safe, fast, reliable data connection for your micro market, kiosk or other vending application. Learn how cellular wireless data can help your location get up, running, and making money sooner.



started in the industry, I was told ‘welcome to a recession-proof business,’” remembered Brehm. “Every other industry can seem to be imploding, but the coffee industry continues to move forward. People will cut back on pretty much everything else — they may not buy a new car or they may not go on a trip — but they won’t cut back on drinking that daily cup of coffee. People love drinking coffee and quite frankly, they are addicted to it.”

Berry Coffee Company works to be on the cutting-edge of coffee offerings, which is one reason Brehm believes his company continues its success. “I can’t even count how many ways you can make a single cup of coffee these days,” he noted. “[Specialty coffee] is an area we are investing heavily in and will continue to, because this is not a fad; it is the new preferred way coffee is being delivered into the cup.”

From the top down

In order to continue the company’s success, Brehm wears many hats in the organization. Among Brehm’s many roles as president and CEO, selling is one of his favorite tasks. “It’s a core of my existence in this industry and obviously my roles and duties change dramatically from day to day, but I still have a lot of fun on the occasional sales call,” he said. Another favorite aspect of the job for Brehm is management and leadership. He describes his management style as “participative” and hopes to share his company vision among his staff. “Our sustained success and continued growth is directly attributed to the great team of professionals that I have surrounded myself with through the years,” he said.

In order to better serve his customers’ needs and wants as well as keep up with the changing dynamics of his company, Brehm regularly reads trade journals and industry resources as well as attends industry events such as NAMA’s OneShow.



Sustainable Practices

Berry Coffee Company continuously looks for ways in which it can innovate on the front end *and* on the backend — this includes sustainability measures at its warehouse. “We have added a new heavily insulated white roof to our building to compliment our 10K solar panels,” said Steve Brehm, founder of Berry Coffee. “This made a huge impact on our energy bill this past winter.” The company is also in the process of adding new upgraded LED lights throughout its warehouse. “There is a large growing customer demand for earth friendly items so we are always looking for new items to include in this category.”

Philanthropy At Work

Despite its success in the OCS industry, Berry Coffee is grounded in giving back to its community. “As a successful member of the local business community here in Minnesota, we have a responsibility to help support local non-profits programs,” said Steve Brehm, founder of Berry Coffee.

“We do this with hands-on support as well as financial support,” he added.

Berry Coffee is a major contributor to Matter, a Minnesota-based nonprofit relief organization where Brehm served as a board member and board chair for a total of ten years. Berry

Coffee has developed a “Matter Blend” coffee with 50 percent of the proceeds going back to the Matter organization. In addition, the company contributes time and money to more than a hundred other local charities each year. For more information on Matter, visit www.matter.ngo.

“It’s a great industry to be in and I absolutely love it,” he said. Brehm is especially excited about the evolution of service, equipment and product offering that has shaped the OCS industry. “I can honestly say I have the same passion today as I did when first getting started.”

During the last 30 plus years, Brehm and his staff have grown Berry Coffee from mostly pour-over brewers and 30 SKUs in the warehouse to more than 1,500 SKUs and over \$15 million in annual revenue, all through great customer service and a passion for coffee. | ◀

**Data breaches
happen in today's
digital world.**

Join us at 2017 NAMA CTW and
attend the panel session on
**"Protecting your Business
from a Cyberthreat."**

As part of the session with key
experts in the area of cybersecurity,
Avanti Markets president, John Reilly,
will share the challenges we
experienced with data intrusion.

November 6-8, 2017
NAMA Coffee, Tea & Water
Gaylord Texan Resort
& Convention Center

Visit us at Booth 513



**ARE
YOU
PREPARED?**

**Don't let it
happen to you.**

www.avantimarkets.com/NAMA_CTW2017



Boom In At-Work Refreshment Drives Up OCS For 10th Straight Year

In 2016, more businesses asked OCS providers for premium options, opting for taste satisfaction and convenience over price.

By Emily Refermat, Editor



Office coffee service has had another great year. With a record breaking \$5.1 billion in industry revenues, it remains one of the strongest segments in the workplace refreshment/convenience services industry post-recession. The economy improving has created more opportunity for OCS providers. In many areas, companies are looking for ways to lure and retain employees. Operators report picking up accounts as businesses expand, requesting more robust OCS service. Top among them are premium

options including bean-to-cup single-cup service, draft products such as cold brew and pantry service/micro kitchens. While these new lines of service drive up revenues, they come with additional costs in personnel and operations. Competition from online and office supply stores, especially on allied products, was also a challenge to profitability.

Sales up, coffee cost low

Sales rose for the majority of operators, 68.4 percent, although the number did slip from previous years (chart 2). Twice

CHART 1: OCS REVENUES – 10-YEAR HISTORY

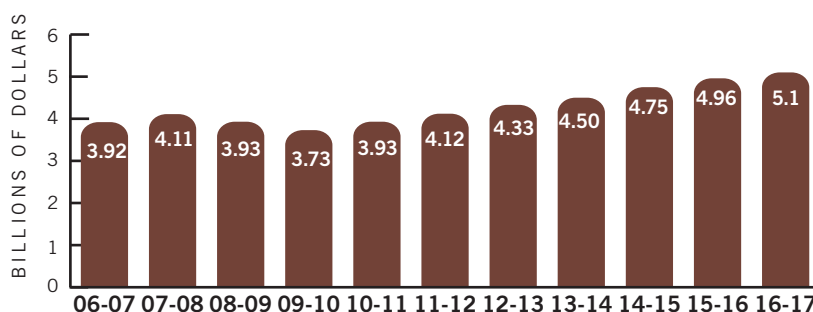
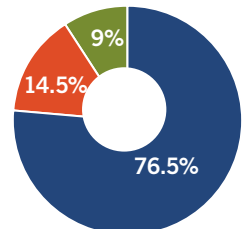
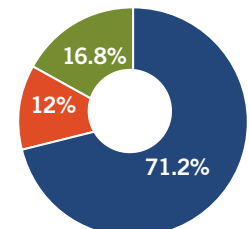


CHART 2: OPERATOR SALES CHANGE, 5-YEAR REVIEW

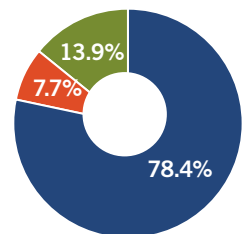
● SALES ROSE ● SALES DECLINED ● NO CHANGE



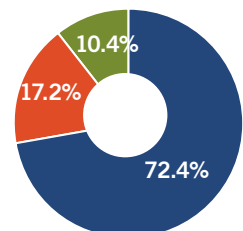
2012/13



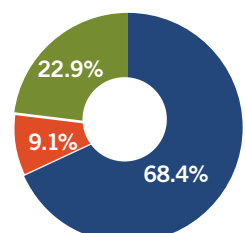
2013/14



2014/15

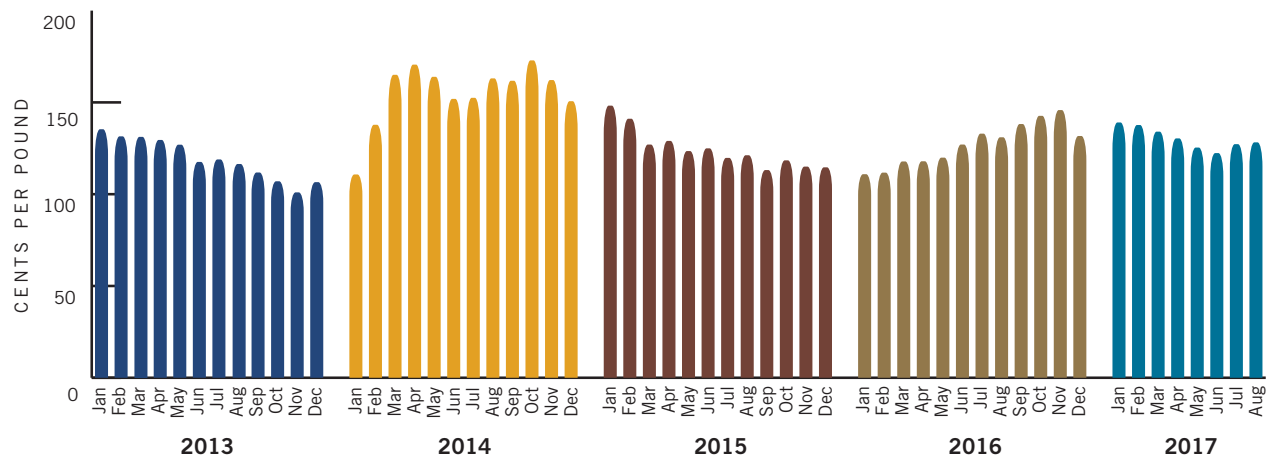


2015/16



2016/17

CHART 3A: COMPOSITE GREEN COFFEE PRICES, 2013 TO JULY 2017



Source: International Coffee Organization, London, U.K.

as many OCS providers experienced no increase or decrease in sales over the last 12 months, 22.9 percent compared to 10.4 from the year before. Product and service costs have also increased, although the price of coffee isn't a main concern.

The average coffee price remains fairly low due to a positive outlook for coffee growing countries. The International Coffee Organization puts the price in August 2017 at 128.24 cents per pound (chart 3). This is lower than the first half of 2016/17 and the second half of 2015. Instead what drove up prices was overhead and competition.

Wages, employee benefit industry

In 2016/17, a greater number of operators reported increases in the common costs of doing business, including taxes, insurance costs, payroll and overhead. The last few years have seen higher minimum wages and overtime mandates for route drivers and other industry employees. However, what is hurting profitability internally is also driving it externally. In the latest U.S. Census Bureau *Income and Poverty in the United States: 2016* report, employers across the U.S. were found to have increased the wages paid to employees by an average of 3.2 percent, the

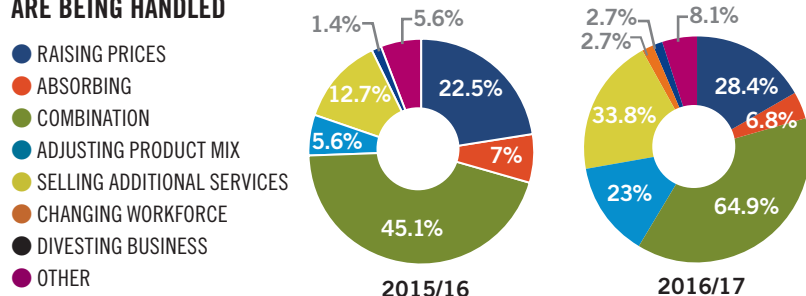
second consecutive year there has been an increase. This has a direct impact on the requests for OCS and workplace refreshment services. The companies paying higher wages are operating profitably, and therefore willing to pay for OCS services that act as employee benefits.

More evidence of the improved economy is the unemployment rate being quite low, 4.4 percent, according to the Bureau of Labor Statistics. The rate has almost continuously decreased since August 2015. This can be seen within the industry as well. More operators added staff in 2016/17, 46 percent, higher than the previous year with most of those additions being drivers and delivery staff (chart 11). There were also fewer staff reductions than in the previous year.

Competition challenges

While OCS is a healthy growth segment it is also saturated. OCS providers report increased competition from online retailers such as Amazon and office supply companies, including Staples and WB Mason, as well as each other. Price sensitive locations that buy on cost alone make it difficult for OCS providers to win the business from retailers who treat office coffee like a commodity. Operators especially struggle with single-cup prices, as many of the national names are available from these sources, causing the customer to price shop. The customer doesn't consider the time, attention and level of service, including timely repairs, that an OCS provider includes as part of the service. This is generally unmatched by online and office sup-

CHART 3B: HOW RISING COSTS ARE BEING HANDLED



*Other includes changing product mix, divesting business, workforce changes, etc.

CHART 4B: REVENUE PER CUP IN CENTS PER CUP, FRACTION PACK AUTOMATIC/POUROVER COFFEE, 5-YEAR REVIEW

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue	11.8¢	12¢	12.4¢	12¢	11.7¢

*Previous numbers have been adjusted based on additional data

CHART 4C: REVENUE PER CUP, SINGLE-CUP COFFEE, 5-YEAR REVIEW

	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue	43.1¢	44.9¢	45.5¢	45.3¢	36.2¢

*Previous numbers have been adjusted based on additional data

ply retailers and is one of the major advantages that OCS providers have.

In competition among OCS providers, getting or keeping the business comes down to the quality of service, including unique offerings. Operators report losing accounts to operations that offer micro markets and to larger corporations with the capital to invest in new brewers and expanded SKUs for pantry service. Businesses continue to ask more from OCS providers, leading many to expand into new services in 2016/17 (chart 10). Among the service types written in were kombucha, cold brew, bulk snacks, popcorn, carbonated/flavored water, hospitality and single-cup. Of the more traditional offerings, pantry service, sometimes called a micro kitchen, and water filtration service were the most added. Pantry service in particular is a large part of current revenues.

When asked to assign revenue to different OCS offerings, coffee came in as number one, not surprisingly, accounting for 39.8 percent of sales (chart 5D). However, next on the list was soft drinks/juice and pantry service. While several definitions exist for pantry service, in this report it refers to the OCS provider delivering beverages, food, bulk snacks, etc. to a location. The company pays for the items and then offers them to employees for free in the break area. To keep up with pantry service demands, operators have added hundreds of SKUs to their warehouses,

which need additional inventory and logistics oversight as well as dedicated personnel. This has contributed, in part, to the previously mentioned overhead costs. Despite challenges, pantry service is reported to be very lucrative by operators. It is also less expensive than a cafeteria, with many of the same advantages, making pantry service a tempting benefit employers can offer.

Operators reported lower margins on allied products due to competition this year. The customer is also demanding a greater number of options, making proper SKU management to minimize spoilage a concern. Allied products represent 14 to 38 percent of operator revenues depending on the definition (chart 5D). Having to absorb higher costs in this category combined with adding SKUs has impacted profitability.

Revenue per cup decreases

The revenue per cup of both fraction, or frac, pack and single-cup decreased in 2016/17 (chart 4A&B). However, this was the first year a certain size cup was indicated, 6-ounces, which could account for some of the change. The decrease could also be due to the rise in private label. It accounts for 44.4 percent of sales (chart 5A) and was chosen as the top selling OCS product by 37 percent of respondents. (chart 5C)

Single-cup prices are three times those of frac packs. This is a main reason frac packs still account for the majority of OCS service, despite

CHART 5A: % OCS SALES BY SUPPLIER TYPE

SUPPLIER TYPE	2016/17
Private label coffee	44.4%
Local coffee (known to consumer)	31.1
National coffee brands (value)	28.3
National coffee brands (specialty)	21.0
Espresso coffee	8.9

CHART 5B: % OCS SALES BY PRODUCT CATEGORY

PRODUCT CATEGORY	2016/17
Frac pack	56.2%
whole bean coffee	25.9
Single cup (non K-cup)	16.6
K-cups	14.2

CHART 5C: TOP-SELLING OCS PRODUCTS FOR PAST 12 MONTHS, BY VOLUME

TOP PRODUCT	2016/17
Private label	37.0%
National brand coffees	20.0
Local coffee brands	19.6
Pantry	6.5
Whole bean	6.5
Single-cup	6.5
Specialty drinks	2.3
Other	2.2
K-Cups	0
Tea	0
Value frac packs	0
Water service	0

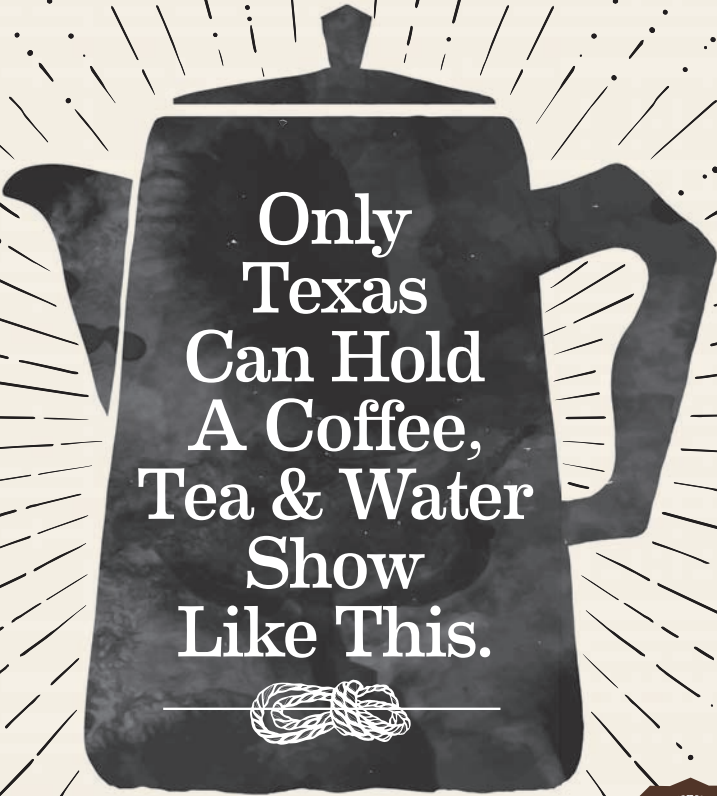
CHART 5D: OCS PRODUCT CATEGORY, % OF SALES

PRODUCT CATEGORY	2016/17
Coffee	39.8%
Soft drinks/juices	11.7
Pantry service/micro kitchen (paid by employer offered to employees)	8.6
Creamers/sweeteners	7.3
Cups/plates/paper products	6.9
Water filtration service (non bottled)	6.9
Bottled water (5 gallon)	6.7
Non coffee hot beverage	6.2
Tea	6.0



JOIN THE

Round-Up!



Only
Texas
Can Hold
A Coffee,
Tea & Water
Show
Like This.



NAMA



COFFEETEA&WATER

EDUCATION • NETWORKING • GROWTH

NOV. 6-8 • 2017

Gaylord Texan Resort
& Convention Center
Grapevine, TX

► Register today at **CoffeeTeaAndWater.org**

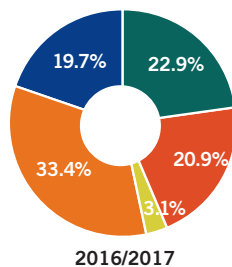
many locations exploring single-cup options. Operators report that frac packs represented 56.2 percent of their sales in 2016. Comparatively, single-cup represented 30.8 percent, which includes both K-cups and

alternatives. However, the percentage of placed single-cup brewers has increased. Out of the total number of brewers, single-cup, in some form, now accounts for 19.7 percent, compared to 16.7 percent in 2015. Pou-

rover and automatic are still the dominate brewer types, although there was a change in calculations from previous years. In 2016, the antiquated terminology of plumbed-in was eliminated, since nearly all

CHART 6: PLUMBED-IN, AUTOMATIC AND THERMAL AS % OF TOTAL

POUROVER GLASS POT ● AUTOMATIC GLASS POT ● POUROVER THERMAL
AUTOMATIC THERMAL ● SINGLE-CUP



IN 2016/17, 64.1% of OCS providers reported increasing their placements of single-cup brewers.

CHART 7: ESTIMATED MARKET SHARE OF SINGLE-CUP BREWER PLACEMENTS IN THE U.S., 5-YEAR REVIEW

MARKETER	PRODUCT(S)	2012/13	2013/14	2014/15	2015/16	2016/17	% Change
Cafection	Avalon	2%	3.3%	6.4%	9.7%	6.6%	-0.3
Bodecker Brewed	Bodecker	0.4	0	2.5	0.4	0.1	-0.7
VE Global Solutions	Brio, Colibri, Koro, Korinto, Kinvivo, Venus, Cypris, Juno, Prosyd	0.1	1.9	4.9	1.8	2.5	0.4
Crane	Café System, Genesis	1.3	0.3	5.2	11.2	2.2	-0.8
Cafejo	Cafejo	2.4	0.0	0.1	0	0.2	0.0
Technologies Coffea	Coffea	n/a	n/a	0.3	0	0	0.0
JM Smucker's	Douwe Egberts	n/a	n/a	2.9	7.5	3.3	-0.6
VKI Technologies	Eccellenza Express, Eccellenza Touch, Eccellenza Cafe	n/a	n/a	1.2	0.1	0.8	5.6
Lavazza	Espresso Point, Lavazza Blue	2.1	0.4	5.3	4.8	0.3	-0.9
Mars Drinks	Flavia	23.4	37.5	16.8	9.3	14.2	0.5
Filterfresh	Filterfresh	4.7	2.9	1.2	0	0.5	0.0
Grindmaster	Grindmaster	6.0	0.1	1	0	2.6	0.0
Kraft/Heinz	Gevalia, Tassimo Professional	2.9	3.9	9.8	9.6	1.3	-0.9
Keurig	Keurig	46.2	39.6	30.0	21.3	32.1	0.5
Rheavendors	Rhea, Cino	0.1	0	0	0.2	0.1	-0.5
Saeco USA	Saeco, Estro	0.6	0.0	0.5	0.1	1.5	11.3
Newco	Smartcup, Freshcup	2.2	1.7	4.3	4.9	6.2	0.3
Starbucks	Starbucks	1.6	2.6	2.7	2.4	1	-0.6
Bunn	My Cafe Pod, AutPOD, Trifecta MB	n/a	n/a	n/a	n/a	17.2	n/a
Wolfgang Puck	CafeXpress	0.3	0.1	0.3	0.2	0.7	2.8
Nespresso	Nespresso	n/a	n/a	n/a	n/a	0.5	n/a
Wilbur Curtis	Gold Cup, Expressions	n/a	n/a	n/a	n/a	0.8	n/a
MZB	La San Marco OC System	n/a	n/a	n/a	n/a	0.5	n/a
Comobar	Comobar	n/a	n/a	n/a	n/a	0.2	n/a
Other	(i.e. Dejung Duke, None)	0.8	0.8	1.1	16.3	2.7	-0.8

*Represents OCS provider placements only

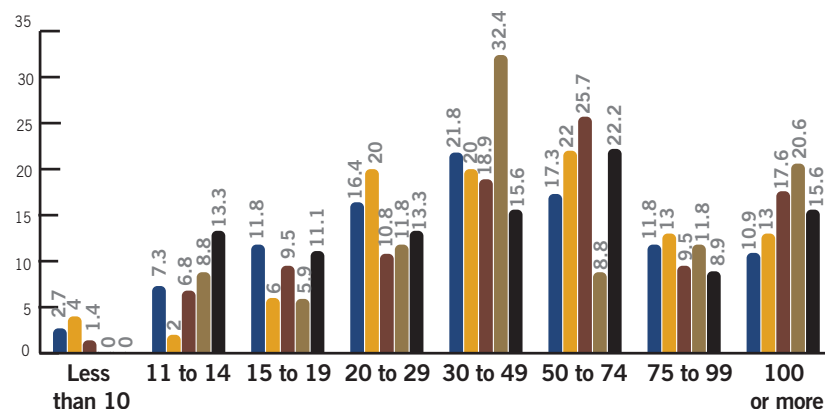
pourover and automatic brewers are plumbed in. Taking that change into account, glass pot brewers were flat, while thermal brewers actually decreased in 2016/17 from 39.5% to 36.5%, overall.

More single-cup options drive popularity

It's no secret that consumers love the idea of brewing coffee one cup at a time. Whether it is the novelty, the ability to brew a personal hot beverage choice, create an espresso-based drink conveniently at work or the newest, must-have OCS innovation, single-cup attracts consumers, despite the fact that it costs more per cup. According to OCS providers placing single-cup equipment, Keurig brewers make up the most market share among single-cup brewers (chart 7). This single-cup product

CHART 8: ACCOUNT POPULATIONS BY SIZE

● 2012/13 ● 2013/14 ● 2014/15 ● 2015/16 ● 2016/17



is available in nearly every food retail location, making it difficult for OCS providers to protect margins and keep customers from purchasing product elsewhere. That has led many to look for other single-cup brewer and product options that can be placed at

locations. In 2016, the percentage of revenue operators attributed to single-cup, non K-cup was 16.6 percent (chart 5B) showing they are choosing from the increased number of alternate options. Pod brewers specifically have experienced a resurgence in

COFFEE, TEA AND WATER **BOOTH 423**

ALLIANT COFFEE SOLUTIONS PARTNERS IN YOUR SUCCESS



Alliant Coffee Solutions offers coffee services for all businesses and specializes in making the workplace, cafeteria and foodservice experience exceptional. Portfolio includes: Wolfgang Puck® Coffee, Organa™ teas, Reunion Island Coffee®, Donut Shop®, Cafexpress® and Barista Select™ solubles along with allied products.

For more details on company's product family and services, please visit: www.alliantcoffee.com

alliant
COFFEE SOLUTIONS
partners in your success

COFFEE, TEA AND WATER **BOOTH 705**

BUNN MAKING OFFICES HAPPY SINCE 1957



Satisfy a variety of today's taste preferences with equipment that is engineered to deliver great results in the cup, day-after-day. Choose Experience. Choose BUNN.

bunn.com/office-beverage-systems

BUNN
Quality Since 1840

terms of market share (chart 7) with more being placed. Another popular single-cup brewer that boomed in 2016 was bean-to-cup.

Bean-to-cup booms

Bean-to-cup brewers are defined as those that hold whole beans in a hopper attached to the brewer. When a user orders a drink, the appropriate amount of beans is dropped into the grinder, and ground before being brewed to the user's specification. The process is marketed as producing the sights and smells of the coffeshop. There is no barista needed, and many brewers have interactive touch screens that let users create gourmet specialty drinks and espressos. The touch screens are reported to be especially popular, and since the cost of service for the bean-to-cup is often less expensive than cartridge/pod-type single-cup brewers, customers consider it better quality and a strong value.

While operators find success with bean-to-cup, most consider their relationship with the customer before placing this type of brewer. Someone on-site has to be designated to refill the hopper with whole beans and clean the equipment on a regular basis, more often than the OCS provider is servicing the account. Also, there is added maintenance compared to traditional OCS brewers due to the grinding and solubles, milk and flavorings, that allow for the specialty drinks. Despite these challenges, it is still being dubbed the fastest growing segment by many operators. Over a third, 38.6 percent, named it the type of single-cup brewer that increased the most in their area.

The popularity of local roasters, those regional coffee shops that have built up a reputation for quality coffee, has played a part in the popularity of bean-to-cup. Operators report that more customers are looking and willing to pay for these trendy, third

CHART 9: ACCOUNTS BY TYPE, 5-YEAR REVIEW

	2012/13	2013/14	2014/15	2015/16	2016/17
Offices	48.8%	45.0%	47.4%	46.6%	56%
Industrial plants	15.1	17.3	17.1	12.9	19.2
Schools/colleges	5.2	5.4	6.7	7.7	6.6
Restaurants, delis, bakeries	6.3	7.3	8.5	7.1	6.5
Other (health care/hotels)	10.1	10.5	6.5	8.9	6.4
Convenience stores	7.2	8.3	4.7	8.8	3.6
Retail outlets	2.11	2.7	5.8	6.2	0.9
Government/military	5.4	3.5	3.3	1.7	0.8

CHART 10: NEW SERVICES ADDED IN 2016/17

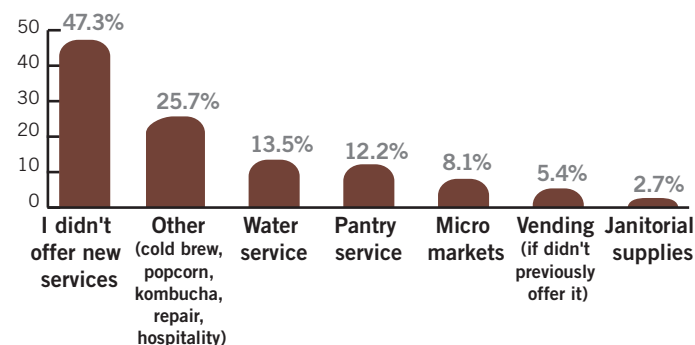


CHART 11A: WHERE STAFF WAS ADDED

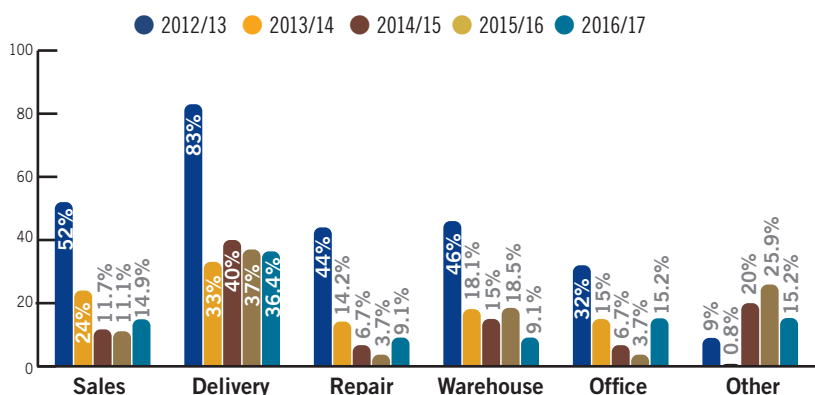


CHART 11B: WHERE STAFF WAS REDUCED

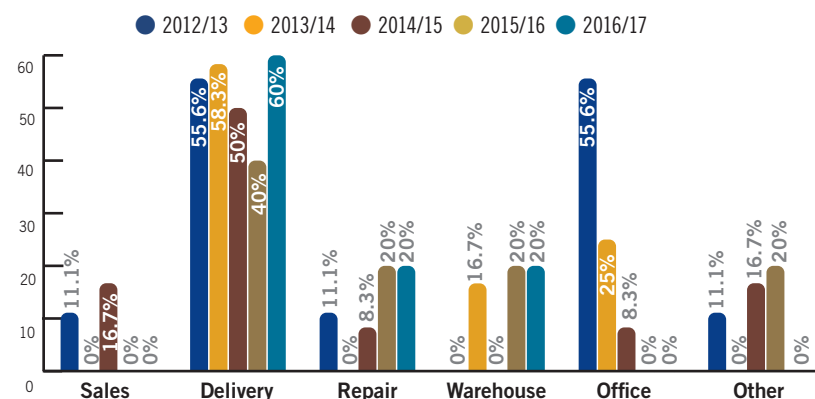
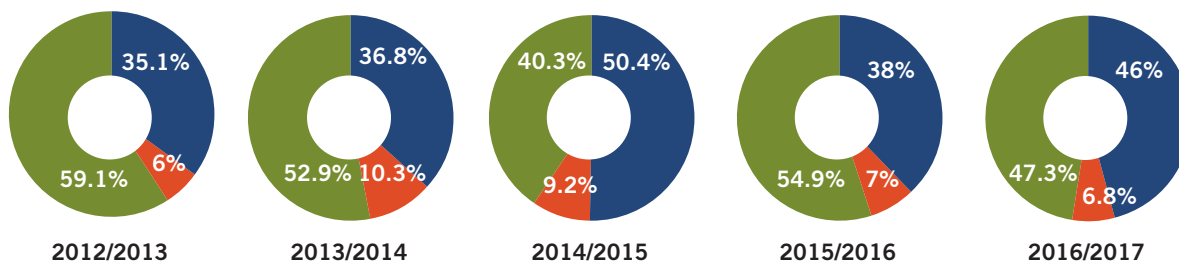


CHART 11C: HAVE ADDED OR REDUCED STAFF IN THE LAST 12 MONTHS, 5-YEAR REVIEW

● ADDED ● REDUCED ● NO CHANGE



wave coffee roasts. These roasters rarely have single-cup cartridge or pod options, or even frac packs. They do however sell whole beans, which fits nicely with bean-to-cup brewers.

Location size shrinks

OCS providers report a great number of changes to their location makeup. A majority, 62.2 percent report serving more locations in 2016/17, than in the year before. New business and the strength of the economy were the most reported reasons for the increase. They are also adding locations with fewer employees, illustrated in chart 8. Locations serving 11 to 29 people all jumped in percentage of revenue, while the largest locations, those with 75 or more, decreased.

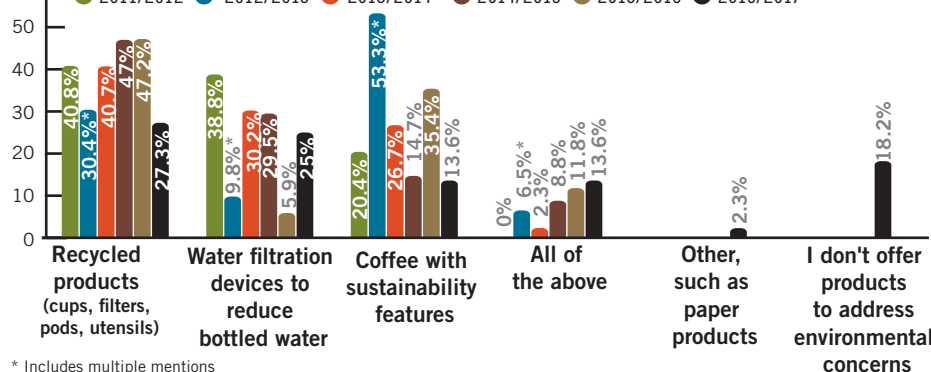
The types of locations that makeup the OCS landscape changed in 2016/17 as well, with an increase in the number of office and industrial plants contracting OCS services. Convenience stores and schools saw a bit of decline, while retail significantly decreased. Competition was the reason most often given for declines in locations, with some noting business closings.

One topic mentioned by operators, but not shown in the charts was profitability gained by restructuring. A number of OCS providers reported eliminating their least profitable accounts. OCS providers can afford to be a bit more selective of their customers thanks to a strong economy and a transition back to providing workplace refreshment.

Coffee has long been an employee benefit at work, but now employers are taking it to the next level, spending money to bring in quality coffee, beverages and other refreshment. Due to an increasing number of options, including single-cup brewers, OCS providers are able to create a solution tailored to their customers wants, size and budget, while still keeping good margins. | ◀

CHART 12: MOST POPULAR ENVIRONMENTAL PRODUCT OFFERINGS

● 2011/2012 ● 2012/2013 ● 2013/2014* ● 2014/2015 ● 2015/2016 ● 2016/2017



* Includes multiple mentions

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.



Distributor and OEM inquiries welcome!

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

LOCK AMERICA
The Definitive Word in Locks
800-422-2866

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

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

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

LOOKING FOR SOMETHING?

Classified advertising can
point you in the right direction!

Contact Julia Sheade
for information:
800-547-7377 ext. 1608
Jsheade@southcomm.com



PureWaterCooler™
by VERTEX

Point-of-Use Dispensers

2 & 3 Temperature Models

Floor Standing & CounterTop

2 Filtration options

PureChill-9500

800-627-2146

www.VertexWater.com

ADVERTISE HERE

Contact Julia Sheade
for advertising information:

800-547-7377 ext. 1608
jsheade@southcomm.com

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



MAKE THE RIGHT CALL



Advertise in
Automatic
MERCHANDISER

CONTACT JULIA SHEADE FOR MORE INFORMATION:

1-800-547-7377 x1708

jsheade@southcomm.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.



Mondelez
International

fs-snacks-desserts.com | Letschatsnacks.com

©Mondelez International group

Snack
FORWARD