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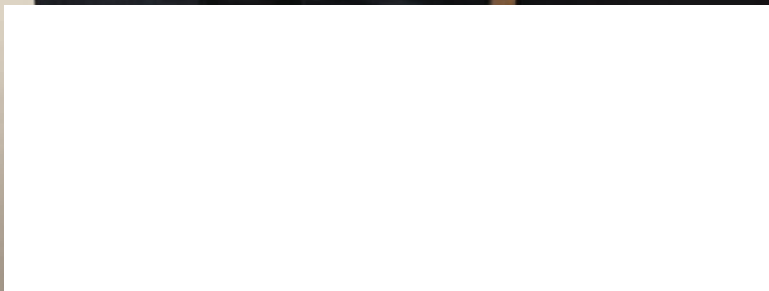
## INDEPENDENT Brings Fresh Perspective

### SUCCESS STORY:

Indiana based  
ReFresh Facility  
Services expanded  
from janitorial  
supplies to vending.  
page 38

NAMA ONESHOW:  
What You  
Can't Miss  
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SELLING YOUR BUSINESS:  
How To Prepare  
page 24



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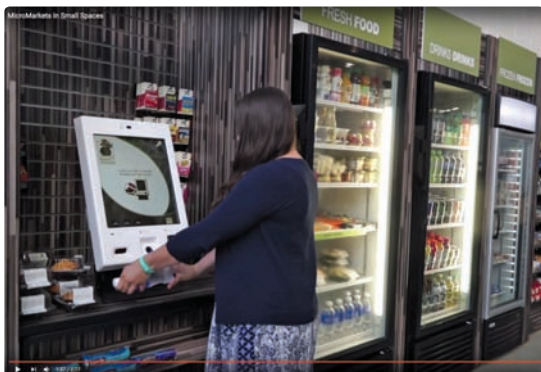
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## Online Exclusives

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## BLOGS, PODCASTS & VIDEOS



### ▶ VIDEO: MicroMarkets In Small Spaces

[www.vendingmarketwatch.com/12301447](http://www.vendingmarketwatch.com/12301447)

### ▶ EDITOR'S BLOG: Is A Café In The Workplace Ahead Of Its Time

<http://www.vendingmarketwatch.com/blog/12301506>

### ▶ GUEST BLOG: Me And My Partners

[www.vendingmarketwatch.com/12304037](http://www.vendingmarketwatch.com/12304037)



### ▶ GUEST BLOG: SELL MORE STUFF: FOOD SHOULD BE FUN 2

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### ▶ VIDEO: OCS Highlights - February 2017

[www.vendingmarketwatch.com/12305950](http://www.vendingmarketwatch.com/12305950)

## SPECIAL SEGMENT



### 5 Characteristics of Today's OCS Customers

Just as the coffee industry has evolved, so too has the coffee consumer.

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## OCS OPERATOR

Visit [www.vendingmarketwatch.com/coffee-service](http://www.vendingmarketwatch.com/coffee-service) or have it delivered to your inbox at [www.vendingmarketwatch.com/reg/newsletter/display](http://www.vendingmarketwatch.com/reg/newsletter/display)

# Automatic

## MERCHANDISER



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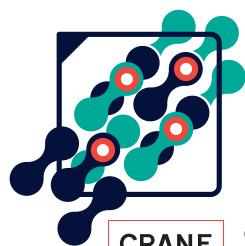


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# Stop Being The Silent Partner

Invisible service is easily replaced, so make sure your brand is strong and stands for something.

Some things don't change. One is the perception (and value) of a brand compared to a generic. I was recently looking for an article in our archives and happened across a Publisher's Note written in 1997 by then publisher of *Automatic Merchandiser*, Gloria Cosby. In her



**WHAT IS out of sight is ultimately forgotten.**

articulate way, she brought up the idea of being considered generic, and how it can be so easy for location managers to consider vending service generic, because machines rarely have the company logo or name prominently displayed. That was 20 years ago, and I would say the statement is as true as it ever was. Many micro markets have a bit more branding, albeit of the micro market supplier, instead of the operator servicing the account.

## The invisible hand

I think the fact that vending operators don't brand themselves has its roots in multiple reasons. The first

is how drivers service routes. A driver stocking early in the morning, before the normal work rush, is unseen. And that was a trait of which the industry was proud. The vending machine was always clean, filled and working — no hassle service for the customer. But what is out of sight, is out of mind, and ultimately forgotten. This invisible service hasn't helped the

image of vending. Instead, it has left vending service as a commodity. Our competition, on the other hand, has upped the brand angle from McDonald's to Wa-Wa convenience stores.

Another reason I've heard for the lack of branding is to avoid receiving complaints. After all, if there is no one listed to complain to, then no complaints are made. This is just short-sighted, and doesn't apply to our current society with social media and smartphones that offer built-in cameras. The frustrated user has an even larger outlet to voice complaints along with a greater ability to negatively shape others opinions of vending machines, micro markets and office coffee service. A brand is more important than possible negative reviews. People are loyal to a brand, pay more for a brand and tell others about a brand.

## Take a strong stand

It's time to take your brand to the next level. Instead of being a generic or unknown private label on coffee or fresh food items — make it stand for something. Pair it with flavor, fast service, healthy items or whatever makes your operation stand out in the area. Revamp your website presence, social media and digital marketing — anywhere you put your brand (and tagline). Make sure uniforms, trucks, etc. have the brand. These are billboards. Use micro market kiosks, vending machine promotions and signage near the coffee brewer to tell your story, and ensure the user knows your name. This is what will drive loyalty. You are already a partner with the location to provide refreshment. It's time to stop being the silent partner and be the showpiece with whom a location is glad to be doing business. | ◀

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## Indiana Senate Passes Micro Market Bill

**I**n February 2017, the Indiana Senate Commerce & Technology Committee and then the full Indiana Senate passed a bill that codifies the definition of a micro market. SB 77, authored by Sen. Jon Ford and co-authored by Sen. Jim Merritt and Sen. Tim Lanane, was designed to protect the investment of all members operating in the rapidly emerging micro market segment of the vending industry.

### Need for legislation

According to the Indiana Refreshment Providers Association (IRPA), formerly known as the Indiana Vending Council (IVC), micro markets have been allowed to exist in Indiana as the result of a "Governance Document" negotiated with the Indiana State Department of Health (ISDH), which Jeff Snyder, president of IRPA considers nothing more than a "gentleman's agreement" that could be rescinded at any time. A governance document does not have the force of law (either statutory or rule) and the amount of investment in micro markets has grown too large to leave to chance.

Now that it has passed in the Senate, the bill will move to the Indiana House of Representatives. IRPA continues to support the bill, planning for the next legislative session.



The Indiana Refreshment Providers Association (IRPA) is fighting for clear micro market definitions.

to those in the vending and coffee sector, reports *Press Republican*. The retail model includes opening a store front, Choice Coffee, in both Plattsburgh and Queensbury, NY, where customers have the opportunity to mix-n-match different K-cups.

### Elior Group To Acquire MA-based Vending, Micro Market Operator Corporate Chefs

► Elior Group is planning to acquire Corporate Chefs, expanding the company's position in the United States on the Business Dining and Education markets. Elior Group, one of the world's leading operators in the contracted food industry, has signed a definitive agreement through its US subsidiary, culinary management leader Elior North America, to acquire Corporate Chefs, a Massachusetts-based provider of freshly prepared, high quality meals for the Business Dining and Education markets.



### Casco Bay Vending Acquires Two Maine-Based Competitors

► Casco Bay Vending has acquired Maine-based competitors Pine State Vending, a division of Pine State Trading Co, and Canteen of Maine in an amicable acquisition. Casco Bay Vending, based in Lewiston, Maine, assures employee retention with comparable or improved employee opportunities while keeping all companies Maine-based and managed, honoring long-held traditions for all.



### Five Star Acquires Southern Coffee Service

► Five Star Food Service announced the acquisition of a Chattanooga coffee service legend, Southern Coffee Service or as the locals call it, "Southern".

Long a staple in the

coffee and water service industry in Chattanooga, Southern and former owner Robert Berman are perhaps as well-known for its civic engagement and philanthropy across the region. Berman purchased Southern Coffee Service in 1984 from its original owner James Powell, Sr. who founded the company in 1960. After acquiring ARAMARK Tri-State division in 1990, Southern grew into one of the largest and most respected vendors in the area. Berman will remain active in the business at Five

Star serving in a sales and customer service capacity.



### New York Vendor Expands K-Cup Mix-n-Match Retail Concept

Plattsburgh, NY based Valley Vending is expanding its coffee and tea retail model, including offering it





## Reno Snax Purchased By Accent Food Services

▶ Accent Food Services has completed an asset purchase of Reno Snax, Reno, NV. This served as Accent's fifth acquisition over the past year.

The acquisition was led by Ray Leydecker, Director of Business Integration. Reno will serve as an anchor for Accent Food Services focus on growth throughout the region.



## Five Star Celebrates 600th Market Install

▶ Micro markets 600 and 601 have been installed at Meritor, Inc.'s production facility in Morristown, TN about a 45 minute drive northeast of Knoxville, according to Five Star. Meritor, a longtime vending customer, is a global supplier of axle, brake and suspension parts to original equipment manufacturers and the aftermarket for commercial truck, trailer, bus and coach and off-highway machinery manufacturers, in addition to defense contractors.

## Keurig Green Mountain To Pay Civil Penalty

▶ The U.S. Consumer Product Safety Commission (CPSC) announced that Keurig Green

Mountain, Inc., of Waterbury, Vermont, has agreed to pay a \$5.8 million civil penalty to the government.

The penalty settles charges that Keurig knowingly failed to report a defect and unreasonable risk of serious injury to CPSC immediately with Keurig MINI Plus Brewing Systems, as required by federal law.

Keurig recalled about 6.6 million MINI Plus brewers in December 2014.



## Bevi Partners With Canteen On Seltzer Machine Distribution

▶ Bevi, a company that designs high-tech coolers for sparkling and flavored water, announced a distribution partnership with Canteen, the nation's leading provider in unattended retail solutions. This agreement adds a revolutionary offering to Canteen's product lineup, reflecting changing consumer demands for more personalized, healthy and sustainable beverage offerings.

## Treat America/ Company Kitchen Buys Harris & Pipkin

▶ Treat America Limited, d.b.a. Company Kitchen announced that it acquired the assets and operations of Harris & Pipkin, Inc. of St. Louis, MO. Adviser on the transaction was Marc Rosset, founder and president of Professional Vending Consultants, a specialized intermediary for acquisitions of vending and OCS companies.

## People in the News

### USG Names Ed Cunningham COO

Unified Strategies Group (USG) announced that Ed Cunningham, formerly vice president of purchasing, has been promoted to a new role as chief operations officer (COO). Ed possesses 40 years of experience in the industry and is a true veteran.



Cunningham

### Cantaloupe Adds Industry Leader Elyssa Allahyar-Steiner

Cantaloupe Systems announced that it has hired known industry leader, Elyssa Allahyar-Steiner to head up its marketing team as the company continues to grow into markets including cashless, micro markets and other unattended retail segments.



Allahyar-Steiner

### U-Select-It Announces New Regional Technical Sales Managers

U-Select-It Inc. announced Michel Potvin and Steve Endres have joined the company as Regional Technical Sales Managers for the Eastern and Western regions of the United States and Canada respectively.



Potvin



Endres

### Maryland State Delegate Antonio Hayes Visits Black Tie Services

Scott Meskin, Black Tie Services President and NAMA Board Member, hosted Maryland State Delegate Antonio Hayes (D-Baltimore) for a site visit at the company's headquarters Friday, January 6.



Hayes

### Accent Food Services Adds New Members To Executive Team

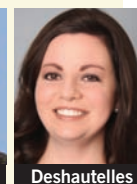
Accent Food Services, a vending, micro market and office coffee service provider in Austin, TX, recently announced several additions to its executive team. Shauntel Deshautelles has been named Senior vice president of human resources; Julie Ausherman is vice president of finance; and Richard (Rich) Gottbrath became director of strategic development and planning.



Ausherman



Gottbrath



Deshautelles

# John Murn Believes New Vending Machine Will Rival Amazon Go

**I**ndustry veteran John Murn has announced his new vending machine named Lisa and is calling it the future of auto retail.

To be released in May, Lisa is a glass fronted vender that accepts multiple cashless payment options before unlocking the door and allowing the customer to make selections of food or any item. Smart shelves detect when items are removed and the account is charged when the door closes. Additionally, Lisa recognizes users, learns their preferences and rewards them with loyalty promotions.

## Scalable solution

It will compete with Amazon Go because it is scalable, Murn explained to *Forbes* in a recent online interview. With this concept, Murn can offer stores a shelf or a few shelves instead of a full-store concept with Amazon Go, Murn is quoted as saying. Lisa prototypes are already in the field and Murn is getting orders from all over the country, cites the *Forbes* article.



Lisa is a glass fronted vender that accepts multiple cashless payment options before unlocking the door and allowing the customer to make a selection.

history and signals Nestlé's commitment to future investment and growth in the U.S. With the move, the company also demonstrates its leadership in responding to the rapid pace of change in the food industry with a new, more efficient structure and closer proximity to the bulk of its business and stakeholders. The company expects to bring approximately 750 jobs to the Washington, D.C. area with this transition.

## Canteen Acquires Rochester, MN-Based D&R Star Vending

► Canteen, a division of Compass Group North America, has purchased D&R Star Vending from Mike Hawkins, according to *Post Bulletin*. The sale included just the vending business, with Hawkins retaining the amusement segment and family fun center. All the vending employees were hired by Canteen after the sale with no jobs lost, says the source. The contract was final on December 13, 2016.

## CALENDAR OF EVENTS

### MARCH 7

**MAMA Lobby Day - Missouri**  
Missouri capital building,  
Jefferson City, MO  
Phone: 314-627-0690  
www.mamavending.org

### MARCH 23-25

**NCA Annual Convention 2017**  
JW Marriott Austin,  
Austin, TX  
Phone: 212-766-4007  
www.ncausa.org/convention2017

### APRIL 19-21

**2017 NAMA OneShow**  
The Venetian,  
Las Vegas, NV  
Phone: 312-346-0370  
www.namaoneshow.org/

### APRIL 20-23

**Global Specialty Coffee Expo**  
Washington State Convention  
Center,  
Seattle, WA  
Phone: 562-624-4100  
coffeeexpo.org

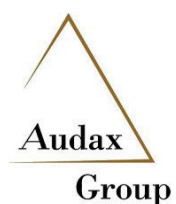
### MAY 17-19

**MAMA Annual Convention**  
Camden on the Lake Resort, Spa  
and Yacht Club,  
Lake Ozarks, MO  
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www.mamavending.org



## Nestlé USA To Move Headquarters To Virginia

► Nestlé USA, a subsidiary of Nestlé S.A., a leading global nutrition, health and wellness company, today announced that it will transition its corporate headquarters to Arlington County, VA starting later this year. The move marks an important milestone in the company's



## Audax Private Equity Purchases Accent Food Services

► Audax Private Equity Audax announced it has partnered with management to acquire Accent Food Services, LLC Accent. Audax acquired Accent from Silver Oak Services Partners. Terms of the transaction were not disclosed.



## Vending Technologies Program In Jeopardy

► For 27 years the Vending Technologies Program (VTP) has thrived, heavily supported by owners of local vending machine companies, product distributors and brokers, and national vending equipment manufacturers. As of 2017, however, the VTP is in jeopardy. A change in the CIP Code has revealed that CIP Code 47.0109 for Vending Machine Repair no longer exists on the US DOE national database, therefore the program was approved under 47.0106 Appliance Installation and Repair Technology/Technician CIP Code.



However, under the 47.0106 Appliance Installation and Repair Technology/Technician CIP Code the instructor Davis Haines has not been issued an emergency teaching certificate by the Pennsylvania Department of Education authorizing agency, Temple University. They state several reasons: the task grid for vending does not match the task grid for small appliance repair, and that the instructor cannot show two years' experience in small appliance repair.

## Black Tie Vending Services & Accent Food Services Merge

► Black Tie Vending Services and Accent Food Services have completed an asset purchase agreement making Black Tie part of the Accent family. This transaction represents the largest for

Accent and will establish an East Coast presence under Accent's Mid-Atlantic Division. Scott Meskin and the Black Tie Vending Service team will remain on board with Scott leading the charge as Division President.

## Former Iowa Mayoral Candidate Charged In Vending Crime

► Former Council Bluffs, IA, mayoral candidate Matthew Hartfield has been charged with stealing vending machines in Nebraska, according to CBS2Iowa. Hartfield pleaded not guilty to a dozen misdemeanor counts of theft.

Authorities report that the thefts started occurring in November when "a well-dressed man would enter an Omaha store, measure a machine and take it," with promises to bring back a larger one. The owner of the vending machines has an estimated loss of \$10,000.



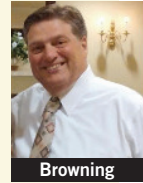
## Evergreen Vending Acquires S & S Vending Of Oregon

► Evergreen Vending — a vending operator in the Pacific Northwest has acquired all of the assets of S&S Vending of Tualatin, Oregon from Dave and Rhonda Brown as of January 31, 2017. The Browns decided to retire after 45 years in the industry. They originally purchased the 60 year-old locally owned vending company in 1990 when the founding owner, Walt Skuzeski, retired.

## People in the News

### Industry Veteran Jerry Browning To Retire

After more than 40 years in the vending industry, Jerry Browning, account executive at Vistar, retired at the end of December 2016. "It's been really enjoyable," Browning told VendingMarketWatch.com about his time in the industry.



Browning

### Royal Cup Coffee & Tea Welcomes Anne Pritz As Chief Marketing Officer

Royal Cup Coffee & Tea (Royal Cup), a leading importer, roaster and distributor of premium and specialty coffees and tea, announced that Anne Pritz, former chief marketing officer (CMO) of Sbarro, has joined the company as its new CMO, effective November 28, 2016.

### Former NAMA Chair Kenneth Nowak Passes Away At 84

NAMA announced the December 3, 2016 passing of NAMA Chair Emeritus Kenneth J. Nowak. Nowak, who was president of Variety Food Services in Warren, MI, served as NAMA chair in 1984 and was a longtime member of the association. Nowak was 84.



Nowak

### Farmer Bros. Co. Announces Executive Management Changes

Farmer Bros. Co. announced the resignation of Isaac Johnston, treasurer and chief financial officer, effective January 6, 2017, to accept another opportunity.

On February 17, Farmers Bros. Co. announced the appointment of David G. Robson as treasurer and chief financial officer, effective February 20, 2017.

Additionally, the company announced the promotion of Scott A. Siers to the executive management team. Siers is currently the senior vice president and general manager for Farmer Bros.' Direct Ship business unit.

Farmer Bros. also announced Barry C. Fischetto, senior vice president of operations, has resigned from the company, effective immediately, to pursue other opportunities.

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# Coffee: Integral To The Workplace Cafe

By Emily Reformat, Editor

**Employees are driving a reinvented breakroom centered on coffee and coffee-based drinks.**

**P**rogressive businesses are getting the message about breakrooms. These spaces need to be redesigned to promote networking, collaboration, refueling physically, and creating a positive corporate culture. Coffee, related products, and those who deliver them, are right in the center of this revolution.

## Showcasing the brewer

The fact that Millennials bring an appreciation of the coffeeshop with them to the workplace has influenced

what the new breakroom looks like. The most well designed mimic the clean, open spaces of cafes with windows as well as tables and lounging areas. The coffee becomes a main attraction. The brewer is not set in a quiet corner, but put on display. Specialty coffee brewers, especially espresso machines are highly appreciated. According to 2016 National Coffee Association (NCA) data, 94 percent of people with an espresso machine at work were very/somewhat satisfied. Nearly 10 percentage points

less, 86 percent said the same about drip coffee brewers.

Specialty beverages are really growing the office coffee segment in these redesigned break areas. Machines that make lattes, cappuccinos and flavored gourmet beverages with solubles are valued. The perception of these drinks is often higher among consumers than traditional, plain coffee, regardless of roast or sometimes bean quality. NCA found an increase in consumers opting for espresso-based beverages which





includes cappuccino, espresso, latte, café mocha, macchiato, flat white and caffè Americano. It increased to 18 percent of the cup share, double what it was in 2011.

Some of this equipment really adds to the atmosphere with similar sights, smells and sounds of the coffeshop. The bean-to-cup machines are enjoying popularity in cafe style breakrooms because the sight of the beans, sound of the grinder and smell of fresh coffee reminds employees of a quality cafe experience. Millennials especially value experience. Being able to interact with the coffee brewer to create a drink as well as experience the coffeshop atmosphere has high appeal for this demographic.

### Cold brew in many forms

In a class by itself is cold brew, another growing trend. Produced by coffee that has been steeped in cold or room temperature water for 12 or more hours, it is smooth with a lower acidity than traditionally brewed coffee. Subtleties in flavor also arise. Since this drink became popular a few years ago, traditional OCS operators have struggled with how to bring it to the workplace since it needs to be refrigerated and

## 3 OCS extensions for the modern breakroom

### 1. LET THEM EAT

Add-ons to the new workplace cafe are welcomed by employees, enhancing the experience and appreciation for the service. Operators in areas of California, Illinois, Alabama, Kansas, etc. report great success adding snacks and other beverages to this new, coffee-focused workplace concept. For many it's healthy snacks, like nuts and granola. For others, it's an entire mini kitchen worth of food paid for by the company. The solution should be scalable.



### 2. PROVIDE NATURAL HYDRATION

Water especially is an area where OCS operators are branching out. Point-of-use water filtration systems have become affordable for locations that couldn't afford 5 gallon systems, or opted for a solution with less transport and storage hassles. The IBWA reports that the volume of home and office delivery of bottled water slipped in 2015, while water consumption increased. Water has been increasingly popular for its lack of artificial ingredients and its perception of being a healthful alternative to other beverages, said IBWA. While not strictly water service, PET bottled water has been trending upwards in consumption as well.

### 3. MODERNIZE THE EXPERIENCE

Technology is also starring in this breakroom. It is the video screens on brewers that tell the story of the coffee roaster and the touchscreens that assist users in building their ideal hot beverage. These brewers report issues to operators and prompt users to clean or perform small maintenance tasks. Don't miss the opportunity to offer technology in personalizing water either, with units that allow different levels of carbonation into sparkling water as well as some with flavors.



has a short shelf life. Early adopters offered it in growlers and kegs. Others started using bottled options that could be placed in coolers and were ready to drink. Some even sell the filter and coffee to locations with a "cold brew pitcher," so the office staff can make cold brew themselves. NCA data shows cold brew consumption, past day, at 3.4 percent and our own State of the Office Coffee Service Industry data shows 31 percent of operators are providing it in some form, up from 25 percent in 2015.

There are more elements that make up the new workplace breakroom, but at its heart is coffee, the drink that has been associated with workplaces for decades, perhaps longer. Focus on getting the coffee right for the demographic, and the rest will follow. This is the modern age of coffee service, where being part of the breakroom means more than a brewer on the counter. Instead, it's a partnership between the OCS operator and the location to set a tone to attract and retain employees. | ◀

# Getting Into Cashless Vending: A Guide No Matter Your Size

By Adrienne Zimmer, Contributing Editor

**The entry into cashless varies for operators of all sizes, from those with 100 machines to others with more than 100,000.**



**I**n the world of vending, “cashless” is trending. According to *Automatic Merchandiser’s* latest State of the Vending Industry report, the number of vending machines in the U.S. that accept credit and debit cards has reached 15 percent, and that number is predicted to consistently grow in the coming years.

It’s not hard to see why operators are looking to cashless options. Cashless has been proven to increase sales at many locations; it benefits operations’ bottom lines and increases customer satisfaction; it also has been shown to boost higher ticket transactions. But is a cashless investment right for your operation? Operators of all sizes speak to their own cashless experience, weighing the challenges and the many benefits.

## A small-operator’s tale

The majority of vending operations in the U.S. are identified as small-sized companies. *Automatic Merchandiser* reports that 50.5 percent of vending companies are ‘small,’ with a revenue range under \$1 million.

Mike Kever, president of Advantage Vending in Searcy, AR, is one of those operators, with a little more than 100 vending machines. Despite his size, Kever invests in cashless. He was initially interested in investing in telemetry so he could use a vending management system (VMS) and prekit, but after talks with USA Technologies (USAT), he

was convinced to add cashless readers as well. “I was already going to be adding telemeters, so adding cashless readers was just the simple next-step,” he said. “If you have a machine doing \$45 per week in sales, it’s worth it getting a cashless device.” Kever has 80 telemeters and 30 cashless readers. Within 3 months, he saw location sales grow 15 percent.

Many small operators who are using older equipment are fearful that integrating cashless will mean they also need to purchase new machines or spend a lot of money making upgrades, which isn’t the case, says Kever. “What some small operators don’t understand is that there are companies like Vendors Exchange and InONE Technology that will help you upgrade universal control boards so you don’t have to get a new machine to have cashless,” he said. In fact, cashless doesn’t have to be a huge investment, according to Kever, because more often than not, it will be an ongoing process for small operators.

Kever started adding cashless readers 3 years ago, beginning with 10, and has added a few more each year as he sees fit. “The nice thing about it is that the upfront costs are minimal. I paid a few hundred dollars,” he said. Small operators are challenged with adding new technology because personnel is limited when it comes to installing the devices. Kever notes that if you get the right partnership with your technology provider, they may come and help you install the devices.



Plus, cashless has fewer service calls, says Kever, which is a relief for small operators who wear many hats in their organization. In the future he will continue adding cashless with Parlevel and USAT. “It’s hard to say what the growth will be for operators but the easier you make it for customers to pay, the better,” he said. “For us, implementation wasn’t difficult. In fact, even after implementation, challenges that come with cashless aren’t different from daily operational ones. I’ve never had a card reader fail.” The reliability of the equipment and ease of installation made cashless a hassle-free investment for Kever.

#### A guide if you’re mid-size

Medium-sized operations — which make up 26.6 percent of the industry with a revenue range between \$1 million and \$4.9 million — face similar benefits of cashless. Gary Arwin, president of Orlando, FL-based Gator Vending, Inc., began beta-testing a cashless option for a company in 2012, but when the tech company went out of business, Arwin turned to PayRange, beginning with 30 PayRange devices. Today Arwin uses both PayRange and USAT and 35 percent of his sales are cashless, which has reduced cash loss risk and increased sales. “We have more than 200 machines with cashless,” said Arwin. “And with two-tier pricing, cashless is a worthwhile investment.”

Vending operators, no matter the size, have the option of buying, renting or leasing card readers, but as Arwin notes, that decision is up to each operator. “We do all three because we didn’t know right away which one would make more sense for our company,” he said.

Ryan Harrington, president of Portland, OR-based Royal Vending

went 100 percent cashless in 2015 in a partnership between Parlevel and USAT. He pays a monthly service fee but says the fee isn’t a negative factor in offering cashless. Rather, integrating cashless allowed the company to consolidate and become more efficient, eliminating some labor costs. “Now that I’ve done this, it keeps us competitive,” said Harrington. As a mid-size operator, Harrington wor-

## **VENDING** operators, *no matter the size, have the option of buying, renting or leasing card readers.*

ried that getting into cashless might be an expensive endeavor, however, the ROI was immediate.

The setup and implementation was simple, too, Harrington notes. “We deal with the cashless provider very little.” Harrington warns operators that an additional investment may be needed if the signal at a location is weak, in which case an antenna may be necessary to ensure transactions go through.

Scott Halloran, co-owner of Richmond, VA-based Trolley House Refreshments, agrees. “Cellular coverage is an issue at some locations,” he noted. “Some buildings simply do not have the signal we need to run the cashless units.” To remedy the challenge, Trolley House Refreshments — which has grown to 85 percent cashless with NAYAX — works with its clients to find solutions such as cellular repeaters, internet connection, or exterior antennas on the building. “This is another layer of cost for the operator,” Halloran continued.

One of the biggest challenges Trolley House Refreshments faces as a medium-size operator growing into

the ‘large’ category is manpower to focus on the deployment of cashless. “We have to fit deployment in around our normal operations which slows the process,” he said.

Additionally, there are challenges with managing data once an operation begins adding technology. “Data management is a struggle for an operation of any size,” said Halloran. “As operators we are all using three to six different platforms, many of which do not communicate with each other. Deploying cashless is another database to manage and we have to be careful when units are swapped from one machine/location to another to keep the data accurate in the backend

system. This can get messy. Our partner has listened to our issue and is working on a solution that will auto populate data using the VMS information.”

Despite the challenges, customer acceptance of cashless is high for Trolley House Refreshments. In fact, usage can be as high as 50 percent at some locations. In 2017 the company’s goal is to merchandise its machines differently with higher price point items that did not sell prior to credit card acceptance.

#### When growth continues

For large and extra-large operations — categorized as those companies with a revenue of more than \$5 million per year — adding cashless is no easy feat. Those operations must consider hardware costs, transaction costs and service charges, according to Mike Coffey, senior vice president of strategic initiatives for Canteen Vending which currently has more than 100,000 vending machines with cashless capabilities through Crane, USAT and Cantaloupe. When getting into cashless, Coffey warns

that operators need to know what network they will be on and invest in technology that will work with network changes. “AT&T just shut off 2G and we had to travel to 12,000 machines and make upgrades on our equipment,” said Coffey. “Make an investment into the most futuristic network, even if it’s a quarter more for that service, you’ll save money in the long run. Otherwise you’re going to have to replace the card or the whole reader and you’ll have to cover the costs associated with installing and changing them.” Coffey recommends going with a 4G network. “You might have issues with signal at some locations so do your research on who the best carrier is in the area. Even then, that might not be enough so you’ll have to invest more in a booster signal,” he said.

Coffey warns that the larger a company gets the bigger the management task when adding cashless. The company has trained its drivers to swipe a card and cancel the transaction during each stop to guarantee the device is operating properly, which cuts into time spent at the location.

One thing large and small operators alike have in common is that cashless is an ongoing investment, says Roger Sweeney, vice president of sales at Illinois-based Ace Coffee Bar, which uses both Microtronic US and USAT. The company first started into Microtronics pure cashless sys-



tem when a customer had to eliminate the use of change in its manufacturing plant. Since then the company has installed a second large facility with Microtronics cashless system, and has USAT readers on 30 percent of its machines.

While the company has seen 30 to 40 percent card usage on machines and an 11 to 15 percent sales lift at locations, there have been challenges, too. “There’s a difficulty recovering the cost at first,” said Sweeney. “But card processors have dropped the price down in the last six months, so it has been less expensive.” Sweeney sees a return on investment in about one year in most locations.

But cashless isn’t just about swiping a credit or debit card, says Sweeney. It’s also about creating an experience for the customer. “Cashless also means you can offer Apple Pay or Android Pay,” said Sweeney. “The only tough decision is choosing which payment methods you want to offer. We are betting on Apple Pay.” Offering these up-to-date payment

options has kept Ace Coffee Bar ahead of the competition. “Cashless is good because it keeps us contemporary and it helps with customer retention,” said Sweeney.

### Investing in tech

Generally, Coffey notes, it’s beneficial to add a cashless option. In fact, it’s just simple math. “Even a machine doing \$1,000 per year in sales is making money with cashless,” said Coffey. “So why not do it?” Zachary Oliver, operations manager at Dependable Vending believes it’s also an essential investment for operators looking to grow. “You have to offer it in your accounts or you’ll be bumped out, guaranteed,” he said. Oliver recommends that operators network outside their area of business and shadow an operation installing cashless. “Ask questions and learn what’s compatible with your business.”

Cashless doesn’t come without its learning curves, but it can be a simple investment that reaps great rewards. | ◀

## Advice from the field

Investing in cashless can be a big step for some operators. Mike Kever, president of Advantage Vending in Searcy, AR, warns small operators that if you’re just now thinking about adding cashless, you’re behind. But it’s not too late to make the leap. “The reality is that no matter your size or the investment amount, it’s worth it because if you don’t, someone will come along with that service and take your business.”

Ryan Harrington, president of Portland, OR-based Royal Vending, recommends that operators choose a cloud-based VMS if their operation is adding both VMS and cashless simultaneously. “There are no future costs of hardware and manufacturers will even work with retrofitting your machines,” he said. He also notes that operators should focus on getting a provider that works best for their operation. “Interview all of the manufacturers and determine what are must-haves for your business,” he said. “We didn’t know what to expect, but we knew it was important to have someone assisting us with getting everything online.”

When it comes to choosing a cashless provider, Mike Coffey, senior vice president of strategic initiatives for Canteen Vending recommends focusing on the manufacturers with support staff nearby. “If you have a problem, you’ll want a solution quick. Focus on network reach and manufacturer support when choosing a provider.”

# ENGAGE



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# What You Can't Miss At The NAMA OneShow

See the latest and greatest, including nontraditional vending items and health focused solutions.

**I**t's time once again to prepare for the annual NAMA OneShow. From its record breaking exhibitor numbers to three days of educational sessions, the 2017 event promises more "must-see" opportunities than ever.

## Destinations on the show floor

New this year will be a pavilion area called VENDTHIS! It will showcase nontraditional vending items from products to equipment. "We hope it's a place that drives ideas and thoughts around what could be offered," said LyNae Schleyer, vice president of events at NAMA. There won't be booths, but representatives from the companies exhibiting in that area will be present to talk about what they offer and how it can be profitable in vending.

Another new pavilion on the show floor will highlight the NAMA healthy vending program FitPick, set off with signage and the program's distinctive orange and green. The special focus on FitPick will bring better-for-you and nutritional products together making

shopping easier. "This is by no means the only place to find healthy items on the show floor, but it will have that special focus," said Schleyer.

The office coffee service/refreshments pavilion will again be represented on the show floor. "It's always a feature that draws attendees to see the latest products and brewers

that support the OCS channel," said Schleyer. Even at booths of well-known brands, ask what's new," suggested Schleyer, "because there is always something new at the OneShow." With 300+ exhibitors already booked for the 2017 space, there will be plenty of opportunity to do just that.

## Visit the VEND THIS Pavilion

A growing number of non traditional products are using the vending channel to sell and test their products. These unique, non-refreshment items will be gathered under the VEND THIS pavilion on the show floor.

VEND THIS allows companies with non-refreshment products to:

- Introduce their "vend-able products" to experts who can help
- Increase sales through automat-

## VEND THIS!

ed retail outlets such as vending machines and micro markets

- Try out a great "test market" in the ultimate event with the perfect retail prospects (vending operators)

Some early adopters in the VEND THIS feature pavilion are:

- Lane Jumper
- Bar Code Supply



## fit pick PAVILION

### Destinations to enhance learning

NAMA opens 2017 with four educational sessions on Tuesday. All scheduled prior to the OneShow opening, the advanced seminars really hit on the different business lines in the industry. The topics includes a micro market session, coffee 101, convenience services 101 and fanatical prospecting or sales team training. “Most of our members are operating under multiple channels: vending, micro markets, coffee service, convenience services, food service, etc. This really brings them all together,” finished Schleyer.

Wednesday and Thursday also carry educational sessions. Dr. Michael Kasavana is back again in 2017 with an expert panel on

What’s Trending in Vending, Micro Markets and Coffee Service plus Optimize Your Business with a Technology Roadmap. Find out how politics will affect your business with a Thursday morning presentation by NAMA Knowledge Source Partner Heather Bailey called New President, New Cabinet, New Employment Laws: How Does This Impact Your Workplace?

Mixed in with the on-point segment specific topics will be a number of general business education sessions as well. “We had so much to offer and so much we wanted to offer, that we have expanded our education lineup to Thursday morning providing three days of training opportunities,” explained Schleyer.

### Destinations for networking

Las Vegas always produces the largest turnout for the OneShow in terms of attendees, indicated Schleyer. “I think it not only lends itself ideally for a trade show, but is a great place for networking and events,” she said. The OneShow being at the Venetian is convenient to many venues along the strip for after hour meetings and hosting special events to thank customers. “There is a lot to do,” said Schleyer, so she reminds attendees to carve out a block of time for walking the show floor, engaging with exhibitors to find out what is new and purposeful networking. “Don’t overbook yourself,” she said. “That is the one unfortunate circumstance I see happen with many trade show attendees,” she added.

If the idea of walking the 300+ booth show floor is a bit overwhelming, use the NAMA OneShow app and on-site show guide to zero in on the products and services that are of the most interest. “I encourage attendees to create target destinations [using the app and show guide]. It will

make their time at the show more productive,” Schleyer concluded.

NAMA plans to make this event a showcase for the “Bringing convenience to life” message it revealed with a new logo and website in 2016. The marketing approach and show literature will expand on this idea, bringing all the segments of the industry under one umbrella. All in all, the eighth NAMA OneShow promises to blast new records and is a welcome sign of the industry’s growth. | ◀



### Former First Lady As Keynote

On Wednesday, April 19, 2017 during the NAMA OneShow opening session, attendees will experience a first; former First Lady Laura Bush as the keynote speaker. “She is a beloved icon and we are delighted to feature her as a speaker,” said Schleyer.

Her message will not be political, but one that shares stories of the White House and speaks to her current focus — global human rights and literacy of children. After her remarks, former First Lady Laura Bush will sit down with NAMA President Carla Balakgie for a fireside chat.



# A ROAD MAP To Prepare Your Business For Sale

Whether you plan to sell tomorrow or in 10 years, it is worth being prepared.

by Michael Kelner, Contributing Editor

**I**magine this, if you will. You're about to set out on the trip of a lifetime. You've planned for months, invested quite a bit of money and are eagerly anticipating the wonderful time that you're sure to have. You hop into your car, and set off down the road, only to realize that you've forgotten your map. What do you do? Do you shrug your shoulders and keep driving, hoping to eventually end up in the correct spot? What do you think your odds are of arriving at the destination of your dreams without a map to steer you in the right direction?

Selling your business is very much like taking a road trip. Just like planning ahead and following a map will make sure that you have the vacation that you've envisioned, taking steps to make sure everything is in order well before you plan to sell will ensure that you have a smooth sale and maximize your financial reward.

But there's no need to go it alone! I'm here to map out the path to a successful sale, whether that's three, five or ten years down the road. Read on







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to discover the steps you need to take to prepare your business for sale.

### Five to 10 years pre-sale

During this time you should review your corporate structure and its potential impact on the transaction. Most buyers are only willing to enter

into asset purchase transactions for a multitude of reasons. Selling a C-Corp in this manner results in taxation at both the corporate and personal level. This means you could end up paying 15 to 20 percent more taxes when all is said and done.

In order to avoid this situation, businesses need to elect to transition to a more favorable tax structure. In most circumstances the Internal Revenue Service (IRS) requires this be completed five years or more before the business is sold, otherwise the transaction may not receive the more advantageous tax treatment. Your certified public accountant (CPA) or tax adviser should be able to walk you through the process.

Ownership issues also need to be addressed. If possible, owners that are not active in the business should be bought out. When the time comes to sell, you don't want to be held hostage by a former partner, ex-wife or retired parent. These are impediments to buyers and need to be avoided.

This is also the time when you need to consider moving certain assets out of the corporation. This could include real estate, land, trademarks or subsidiaries that you don't intend to sell with the primary business.

### Three to five years pre-sale

This is the period of time when you want to build a company that can survive and thrive without you. Buyers want to know that the business can continue to grow and flourish without the departing owner.

Now is the time to build a management team that can run the business on a day-to-day basis. It is vital to delegate the responsibility and authority to your middle managers so that they can gain the experience necessary to be of value to an acquirer. With their assistance, processes and controls can be implemented in the business, which provide a buyer with confidence that the business is well run and sustainable into the future.

It is also advisable to have a professional valuation of your business completed in this time frame. The valuation will provide you with a starting point for the consideration of a sale. Comparing this initial valuation to your goal will help you to further assess the work to be done and the required time to completion.

Begin to look at your financial statements with a buyer's eye. Ask yourself these questions:

- Are sales growing consistently year-to-year?
- Are gross profit margins improving or declining?



**LOOK AT  
YOUR  
FINANCIAL  
STATEMENTS  
WITH A  
BUYER'S EYE**



- Are expenses in line with industry standards?
- Are expenses growing faster than sales?
- Are capital expenditures being made?

At the same time, you now want to begin dealing with unprofitable customers or lines of business. This may mean pulling poorly performing accounts, raising prices, lowering commissions or renegotiating contracts. Similarly this is the time to take a hard look at your third-party vend management business and its impact on your margins and profitability.

### One to three years pre-sale

As you get closer to your target date, it is important to get your books, records and financial statements in order. Buyers are normally looking at the most recent three years of financial records. The more formal your statements (accountant reviewed or prepared versus internally generated) the better the impression that you will make. Additionally, this is the time to remove personal expenses from the business. Although it may cost you some taxes in the near term it will pay dividends when it's time to sell as it demonstrates to buyers that you're running the business truly as a business.

### NAMA BOOTH 207

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### NAMA BOOTH 1236

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<sup>1</sup>Technomic, Breakfast Consumer Trend Report, 2015



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Capitalization policies need to be reviewed and revised. Business owners naturally want to expense everything possible in order to minimize current year taxes. However, this practice increases expenses and decreases net income. The goal is to portray the business in the best possible light. Overstating expenses obviously hurts this cause.

I recommend a two- to three-year steady state period for businesses. During this period, the business refrains from expanding geographically, acquiring small competitors or bringing on new lines of business. This demonstrates to a prospective buyer that the business is on solid footing, grows organically, provides consistent recurring revenue and is improving margins while controlling costs. These are all major concerns of a buyer so anything that can be done

## **TO BUYERS** *contracts are seen as evidence a business is run professionally.*

to put them to rest will increase the value of your business in their eyes.

Vending operators have historically discounted the value of contracts. In their minds, contracts are not enforceable, too legalistic and an impediment to a sale. Buyers, on the other hand, have a dramatically different view. Contracts are seen as evidence that the business is run in a professional manner and that

the client is likely to still be around once the owner leaves. Therefore it is important to bring as many of your clients under contract as possible prior to a sale.

The final step of this phase is to have the business once again professionally valued. A valuation at this point is an excellent indicator if in fact you will be able to achieve your target price. Further, it provides tangible evidence that your efforts over the preceding years have been beneficial.

### **The final year**

It is important to assemble your team of advisers at this point. This will include tax advisers, financial planners, accountants and attorneys. Interview several attorneys with an eye to experience in mergers and acquisitions along with strong negoti-

### **NAMA BOOTH 1009**



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### **NAMA BOOTH 605**

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ating skills. Seriously consider hiring an industry-specific intermediary to represent you and help you through the selling process.

This is the time to review all of your legal paperwork. Make sure that your articles of incorporation, permits, licenses, customer and vendor contracts are current and in order. It is advisable to run a lien search on the business as well. This will flag any old liens that haven't been removed and allow time to correct.

You should also clean up potential liabilities. Make an effort to clear up any pending or potential legal problems, such as employee lawsuits, IRS audits, insurance disputes, etc. A buyer that purchases only the assets of your business (instead of corporate stock) generally won't get stuck with inherited legal problems; however, the very existence of lawsuits or



other problems may raise red flags in their minds.

Real estate leases need to be addressed. Review the terms of your leases. When do the terms end, are they assumable, is there a buy-out clause? These are important issues and you need to know the answer. If you own the real estate and lease it back to the corporation, is the lease at a fair-market value? In this circumstance, a market appraisal by a commercial real estate agent is advisable.

It may seem like small potatoes when compared with the bigger items on your to-do list, but it's

extremely important to make a good first impression. Your office and warehouse are a reflection of you and your business. They need to be neat, orderly and clean. Dispose of old assets that have no value to you or a buyer. Provide uniforms for the employees so they project a professional image.

Finally, keep your eye on the ball. Don't let the business performance decline because you are too focused on the sale process. This will only give buyers additional negotiating power and ultimately lower their offers.

Successfully selling a business is not a passive process. Just like planning a vacation or road trip, it takes thought, planning and preparation. Put in the effort pre-sale, and you will ensure that you arrive at the destination of your dreams. | ◀

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# 5 OCS Trends You Need To Be Doing Now

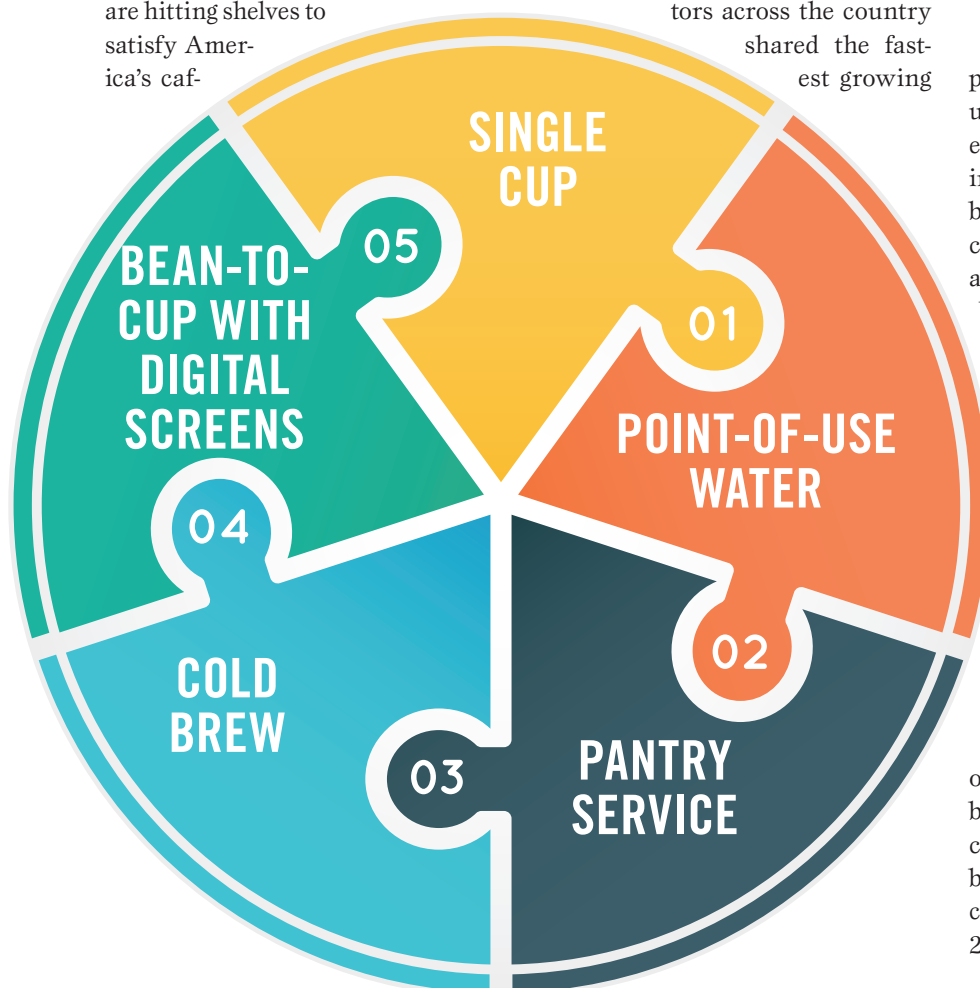
By Emily Reformat, Editor

**Office coffee service continues to be a profitable segment for providers that adopt lucrative and in-demand products and services.**

**I**t's a fact that consumers don't mind spending money on coffee and coffee-related items. Coffee shops are adding more beverage options than ever and trying to blend technology and service to capture the consumer demand. New forms of ready-to-drink cold coffee beverages are hitting shelves to satisfy America's caf-

feine habit on the go. This leaves office coffee service providers with a great advantage since they are already on site and have an ally in the location who is paying for their service. To keep this hard-won advantage however, operators need to offer new and exciting options. OCS operators across the country shared the fastest growing

segments of their operations, and it resulted in five areas of growth that every OCS operator should consider. These are the services and products customers want and will expect OCS operators to have.



**1. Single cup** A single-cup coffee brewer is the most requested program by workplaces looking to upgrade their coffee service. Customers enjoy the personalized and engaging experience of single-cup coffee brewing. "We are growing single cup at a very high rate," said Howard Chapman, president of the office beverage division for Royal Cup, Inc., a large roaster, distributor and office coffee service provider headquartered in Birmingham, AL. "I would estimate that over 60 percent of our new business today includes some form of single cup."

Part of the appeal is the variety of coffee and other beverages available in single-cup, which is extensive. That many options comes with a price, however.

Steve Bailey, CEO and Chairman of Merus Refreshment Services Inc. based in Greenville, SC, says single cup is a substantial portion of his business revenue. While in the past customers weren't willing to pay over 20 cents per cup, they will now pay



60 cents for the single-cup option without a second thought. While so far he's been successful offering these systems to customers, he does worry about the coffee quality that some deliver. "I'm afraid we're doing now what we did in the mid 1980s when we dropped weights," Bailey said.

He is referring to a period when coffee was so expensive that many coffee producers reduced the amount of coffee in the fractional packs served in the office to keep prices low. In the 1980s, coffee drinking had dropped substantially, thought to be driven, at least in part, by the reduced flavor in coffee as well as an old-fashioned connotation. The revival of coffee being profitable happened in the 1990s as specialty coffee became favorable and places such as Starbucks turned coffee from a commodity into a personalized splurge. This idea of a coffee for "me" has driven the desire for single cup where each user can create their own cup of coffee or hot beverage.

**2. Point-of-use water**  
Before succeeding in OCS, Bailey sold 5 gallon water coolers. Now he

offers both 5 gallon water service and point-of-use (POU) and is in a perfect position to see the shift. Many companies are replacing 5 gallon water coolers with POU systems. However, POU is growing organically as well. Bailey has many new customers that had no water service previously. "The term contracts on POU have gotten shorter and the pricing structure has made it possible for more companies to offer water as a benefit," he said.

Robert Friedman, president of Coffee Distributing Corp., a Canteen branch (since 2011) serving the metro area of New York has also been experiencing this change. "Point of use water systems are increasing in share, compared to 5 gallon," said Friedman. Currently, POU represents a third of the company's water sales and is steadily growing.

POU has a number of advantages for both the location and the operator. It is considered a more eco-friendly option as it doesn't require the bottling and transporting of water. Plus, it saves costs associated with 5 gallon. With the increasing popularity of water as a consumer beverage of

choice, offering several water options is a must. According to the latest International Bottled Water Association's report, bottled water volume achieved a new record exceeding of 11.7 billion gallons. This number has been increasing as many other beverage offerings, such as milk and soft drinks, have been in decline.

**3. Pantry service**  
The concept of selected snacks offered to employees by their employer at no charge is beginning to take shape, though it has many names. For some OCS providers it is pantry service with a selection of snacks, single-serve beverages and other items delivered to the breakroom for employees to enjoy. For others it might be called a micro kitchen and include a site-specific employee there to manage the break area and serve specialty drinks during the day. Royal Cup offers pantry service with employer sponsored items and an on-site attendant option. The dedicated on-site attendant in selected large accounts is where the company is really seeing expansion, explains Chapman. "This is across our geography and we have developed tight metrics around which accounts might qualify," he said. "However, in those accounts that do quality, service levels go up exponentially. It also helps increase annual route sales and free up route driver time."

Chapman believes that the increase in his pantry service business is driven by an example set by technology companies. "If you consider that the Googles of the world offer anything and everything to employees in their Micro Kitchens, we should not be surprised that some traditional OCS accounts, with increasing Millennials in the work force, are beginning to up their





game in the interest of attracting and retaining the best and the brightest,” he said.



In New York, Friedman has also seen pantry service grow exponentially. For him, pantry service is synonymous with an on-site attendant since the challenges of New York parking and unloading don't allow his drivers to visit, inventory and service a customer's break area. Instead, for the past 4 years, the company has been placing employees at these locations to do the stocking, cleaning and ordering. "Sometimes it's full-time and sometimes half a day," said Friedman, "but they are operating independently on-site." Coffee Distributing Corp. has over 60 of these employ-

ees and only sees more growth on the horizon especially with the increase in size of its customer companies and number of items they wish to supply their employees.

"We now carry 4,000 SKUs in our warehouse and many are refrigerated items," explained Friedman. These items range from apples to a variety of yogurts, but all were requested by the customers at some point. "A lot is driven by high tech companies," said Friedman. "They may not have many employees, but they cater to their employees who work long hours. It's the only way to compete." Friedman sees these companies easily spending \$5 to \$6 per day per employee, which is much more than traditional OCS.

Despite the high price technology companies are willing to spend, all companies are looking for ways to draw employees back to the office,

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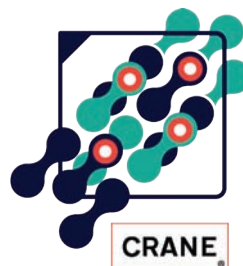
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retain top talent and create a positive company culture. Operators can partner with these companies and benefit with a pantry service, micro kitchen or other similar solution in place.

**4. Cold brew** For Jeff Deitchler general manager of PrairieFire Coffee Roasters in Kansas, the popularity of cold brew came as a bit of a surprise. “We are located in the Midwest and trends tend to hit us slower,” he said, “but cold brew is here. Many more people know about it than I thought.” With that in mind, Deitchler decided he didn’t just want to offer cold brew from PrairieFire, but “wow” people with it. “We decided to produce and package our own cold brew,” said Deitchler. The target for this service isn’t the traditional OCS customers looking for something hot

and black, but the Millennials and people who travel and have had cold brew in other areas of the country. These people appreciate the fact that a cold brew could be available that is locally roasted. “Local means it is not warehoused for months,” said Deitchler. “We can get to market quicker, so its fresh, not preserved,” he said.

Deitchler has also found that a location does not have to be large for cold brew to be offered. He believes that a location of 10 to 20 people with good volume could enjoy the PrairieFire cold brew. There have been some



challenges, however. Transport of a beverage that has a short shelf life and that must be kept cold without having a dedicated route was one. Dietchler went to a beer distributor for advice

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## Make it count for something more

Royal Cup has launched a cause coffee initiative that has been very popular with its customers.

"We have partnered with the NeverThirst organization to fund freshwater projects in South Sudan, Sudan, India, Cambodia and Nepal," said Howard Chapman, president of the office beverage division for Royal Cup, Inc. "As a result, we have refreshed our Roar Pod line-up, added whole bean Roar options (for bean-to-cup machines) and begun communicating the partnership impact on the digital screens of our customers who use Roar."

**SALES BECOME DONATIONS**  
For every serving of Roar coffee consumed, two cents is donated to NeverThirst in the customer's name. "These funds will then be used to complete projects for which our customers get recognized," continued Chapman. "Based on the current run rate, it appears that the first year impact will be well into six figures."

To see the work of NeverThirst visit <http://www.neverthirstwater.org/index.htm>.

"There are ways to do it," Deitchler said. The cold brew launch is planned for Summer of 2017.

In many places cold brew is so well established, it's available in many forms. For offices in New York, Friedman offers a range of cold brew options. "People who want cold brew have a passion for it," said Friedman. That is why Coffee Distributing Corp. carries five different kinds of cold brew. The majority of its cold brew is sold in large kegs that go into a kegerator with nitro. However, Friedman has seen a surge in the ready-to-drink cold brew options the company offers, both in single serve and half gallon containers.

In South Carolina, Steve Bailey decided to get ahead of the curve and start offering cold brew this past year. "We offer cold brew as a 4-ounce filter pack," said Bailey. The location makes the cold brew themselves in a 64-ounce pitcher with the filter pack, and keeps it in the refrigerator for employees. Bailey admits sales have been slow, but the interest is there.

**5. Bean-to-cup with digital screens**  
"Bean-to-cup is a revolution," explained Deitchler. He sees that customers don't want to buy from coffee vending machines anymore. The experience is too passive — putting in money and getting one type of coffee. "They like the interaction with the brewer," he said. The most popular bean-to-cup coffee brewer he places has 34 different drink options.

Chapman also sees the consumer driving a more digital experience in bean-to-cup brewing. "We're pushing equipment suppliers to include digital touch screens on all their higher end equipment," he said. "I believe this is how consumers expect our equipment to be equipped based on how important the cell phone and ipad has become in their daily lives.



Adding advanced technological capabilities to a brewer has benefits for the operator too. The new bean-to-cup machines with Wi-Fi have been a win for Friedman. Not only do the customers love crafting their own espresso or coffee-based beverage, but the ability to send messages back to the warehouse has really increased the company's level of service. "It sends an error code," said Friedman, "so we know the machine needs attention from us." He sees this becoming increasingly important for both efficiency, but also to improve service to those accounts.

OCS is a thriving business driven by the evolving consumer preference for coffee drinks. OCS operators need to consider how best to adjust their service and product mix to match. As Deitchler said, "Regular coffee drinkers are regular coffee drinkers. To grow and stay in business we have to reach more people and that means figuring out how to offer more." | ◀



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# Indiana Independent Brings **FRESH PERSPECTIVE** To Vending

By Adrienne Zimmer, Contributing Editor

**ReFresh Facility Services launched into vending and grew to more than \$2.5 million in annual revenue by focusing on the people, the product and the process.**

**C**ompanies and their leaders are oftentimes faced with opportunities masked as challenges. For Jack Brown of Northwest Indiana-based ReFresh Facility Services, one of those moments came in 2011 when he debated adding vending to his janitorial-service company. Investing into a new service would mean changing the face of ReFresh and bringing in vending would mean adding food to a primarily soap and cleaner product base. At the same time, the economy was just barely recovering from the Great Recession and generations-old vending companies were divesting.

Despite the challenges ahead, Brown and ReFresh jumped headfirst into the industry with a new perspective and desire to create a unique vending experience for customers — and they haven't looked back.

Since the company's expansion in 2011, ReFresh has become tough competition in the Indiana market. The company introduces only new vending machines and was one of the

first in its area to go 100 percent cashless. It has grown to more than \$2 million in annual revenue by focusing on the customer, making strategic investments and always being open to change.

## **Expand with vending**

ReFresh Facility Services, Inc., formerly EAGLE USA, began in Portage, IN, in 1994, focusing solely on janitorial services such as daily sanitation, floor and window cleaning and restroom supplies. While providing janitorial service at several locations, Brown, CEO of ReFresh, began noticing the vending machines and coffee service in the breakrooms. He believed it was a service he could also provide. "I read an article about the process of entering the vending business and I just knew it would be a great addition to our company," said Brown. "But I didn't just want to be another vending operation."

In his janitorial service, Brown made a point to always provide reasonable expectations and then over-

**Route drivers are an integral part of ReFresh Facility Services' success as they run routes for vending, micro markets and office coffee service.**

deliver to his clients on that promise — and that is the mentality he brought to vending, too. This meant investing in new vending machines, to give his customers a seamless, hassle-free interaction when purchasing product. He traveled with Gary Joyner, an industry consultant, to Des Moines, IA, to visit vending machine manufacturer Federal Machine Corp. (a division of the Wittern Group.) "When it came to entering another segment,





I wanted to do it right,” said Brown. “I wanted to make sure that my customer was buying from the most up-to-date machines.” Brown’s goal was to create a unique vending experience for his customers, and his locations responded positively. It wasn’t long before he placed his first machines.

#### **Trim costs with technology**

When Brown entered the vending industry, he noticed that while the

majority of consumers were carrying credit and debit cards, many vending operations were not offering a cashless solution. Early on in the process, Brown made the decision to integrate new vending machines with the latest technology, including cashless readers, in order to give the customer the best purchasing experience. Cashless means less errors and service calls, less monetary mistakes and a smaller amount of cash handling. It also cre-

### **Operation Profile:** **ReFresh Facility Services**

**Headquarters:** Portage, IN

**Employees:** 80

**Technology providers:** USA Technologies, VendSys

**Micro market provider:** Avanti Markets





## A new name to reflect today's service

In 2016, ReFresh Facility Services rebranded from its former name, EAGLE USA. Jack Brown, president and CEO of ReFresh Facility Services sat down with several employees and a marketing manager from Indianapolis. "EAGLE USA wasn't resonating with the type of services we were providing for our customers," said Brown. "With the help of our marketing manager, we were able to determine that the word 'Re-fresh' more adequately reflects all sides of our business. We clean, we refill, we restock and refresh locations."

Brown updated all logos and made the change on all signage right away. But most importantly, he noted, was getting the proper changes to the IRS. "It was a little bit of a challenge at first because although we retained our federal ID number, it no longer matched the name so some companies had issues paying us."

When Jack Brown launched his vending segment in 2011, he also decided to add OCS and water service.

ates a better customer experience, Brown believes. "As vending operators, we make a promise to our customers that they are going to be able to get product from our machines," he said. "If you don't have reliable machines or payment methods and the customer leaves empty-handed, we are breaking that promise we made to them."

All ReFresh USI vending machines come equipped with a cashless reader, and in the first quarter of 2017 the company will also begin launching USA Technologies' MORE. loyalty rewards program, tying it into both the vending program and into the company's two micro markets. "This technology just makes the experience that much better for the customer and gives us a leg up on the competition," said Brown.

The company has not only been able to create efficiencies with cashless, it hopes to use technology to trim other costs as well. In 2017 ReFresh is integrating a vending management system (VMS) with VendSys, which will allow them to ultimately

eliminate their rolling warehouse. "We hope to get new trucks — more economical ones — and begin prekitting," said Brown. "This should cut down on gasoline costs and time spent at locations." Brown likes that he can use gathered data to make decisions that will benefit his company and his customers. "Information is key and data is everything in this business," said Brown. "It helps us understand what our customers want and what they are buying."

## A focus on product

ReFresh guarantees that its machines not only are the cleanest, newest and most technologically savvy, but that they are also stocked with the best product. Brown includes more than 100 SKUs in his snack machines, using data from across the region to find the best-selling products. "I tell my customers that product will rarely be stale or expired because I place the items that customers want to buy, and I can prove that's what they purchase," he said. "I never want our customers to say 'It's always the same thing' — I want them to have variety."

This means that while Brown offers healthy items, he doesn't make a vending machine 100 percent healthy. "I offer them the choice, and they can make the decision," he continued. In 2017, Brown will offer 20 percent health-focused items in his machines.

Brown consistently analyzes the business and isn't afraid of making changes when he believes them to be better for the long haul. When he launched into vending, he wanted to jump headfirst, so that meant also launching OCS and water service as well. "If you're going to do it, you've got to do it right," he said.

ReFresh launched OCS and water simultaneously, offering ION Natural Choice Water, as well as a 5-gallon option. And when it came to coffee,



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The ReFresh management team keeps the organization running smoothly. From bottom left clockwise is Mari V. Campos, buyer and special programs manager; Brenda Campos, administrative assistant; Elizabeth Corral, office manager/executive assistant; Victoria Brown, president; and Jack Brown, CEO.

Brown wanted to do it well. "I traveled to half a dozen roasters across the U.S. because I didn't want to settle on a less-than-great product." He began using Wallingford Coffee and has expanded to offer Starbucks, Peet's and Keurig Green Mountain, as well as PodPack and private label. "We led with pods because no one else had them," he said. Now he is offering primarily Keurig Green Mountain K-Cups and the MARS DRINK Flavia program.

ReFresh offers three different price points to fit the coffee service needs of all customers.



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“We offer Bunn brewers and Cafec-tion bean-to-cup brewers,” he said. “Each OCS customer is different in their budget and wants — we accommodate to their needs.”

In 2012, the company made one more segment expansion, and that was an investment into micro markets with Avanti. ReFresh currently has two micro market locations, a blue-collar plant and large bank corporate office. “Both accounts are successful,” Brown said. “And while I would like to grow in micro markets, vending has been our focus for growth and that has paid off — it’s our company’s fastest-growing segment.” For those customers who aren’t large enough for micro markets or vending machines, Brown is developing a concept where he will sell customers various “baskets” or “trays” of snacks for one set, monthly price.



Victoria Brown, wife to Jack Brown, helps run ReFresh Facility Services as the president and COO.

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### Overcoming challenges

Despite ReFresh's success, the transition into the vending arena had its early obstacles. Once ReFresh began adding vending, the way the company operated changed drastically, recalls Brown. The company went from a warehouse with hand soap, glass cleaner and paper towels to a space full of fresh pastries, soda and food. "There was a learning curve and a need for seriousness," said Brown. "We had to honestly consider the fact that we had a lot of different things in the same building." The company moved to a larger space to accommodate the increased and varied SKUs and the way the company received and stored product was analyzed carefully to maintain safety and product quality.

The biggest change came in the way that ReFresh ordered items. "You have to order almost just-in-time plus 10 per-

cent," said Brown. "We get semi trucks five days per week and we had to learn to order so that we have a flow." The company learned to organize and move 35 pallets of product (weekly) within minimal space, efficiently.

Not only was space an issue, but ReFresh had kickback from employees when it launched into vending. "They [employees] thought that by adding a new service, we were going to get rid of janitorial. There was a lot of worry, but that wasn't the case at all," said Brown. "I wanted to keep growing our company and expanding services was a way to do it. We didn't get rid of janitorial and we won't — it's the foundation on which our company was built."

Though the learning curve was steep, Brown continued to push forward, keeping his customer at the center of the operation.

### The personal touch

ReFresh strives to ensure that each consumer experience at the vending machine point of sale is rewarding. To meet that goal, Brown and his team created 'My Support.' "My Support is a program where customers who experience issues at the machine can text or call our 'My Support' program number listed on the vending machine and get connected with a representative right away," said Brown. This program not only improves the customer experience, but it helps ReFresh improve as a company as well.

A focused and dedicated customer experience isn't the only thing that sets ReFresh apart; a good employee experience is important to the organization, too. The ReFresh team is the backbone of the company, says Brown, whose wife, Victoria, operates the company as president and

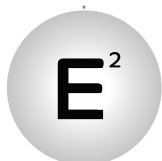
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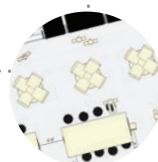
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COO. “You have to interact with your people,” he said. “Helping your employees out with a task or even giving them a firm handshake is important.” Brown places a lot of emphasis on hiring people with varying skills. “That’s how you build a good team,” he said, “by hiring well, providing continuous training and empowering your employees.”

ReFresh has a lot of improvements planned for the coming year — and its ability to adapt with the changing market has led to its current growth. “We will always look at new ways of doing things and we will always see how we can trim costs to stay competitive, but that will never affect our promise that our food will be reasonably priced, our machines will be new and clean and our service will be exemplary,” finished Brown. ◀



Jack Brown, second from the left, credits his dedicated team for ReFresh’s success, including Brenda Campos, Victoria Brown, Mari V. Campos and Elizabeth Corral.

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## MARS DRINKS AROMA™

MARS DRINKS NORTH AMERICA

MARS DRINKS is helping workplaces to kick-off the new year by introducing the MARS DRINKS AROMA™, a compact single-serve brewer for small workspaces that creates more than 100 café-style drink options — from coffees and cappuccinos to hot chocolates and soups. Brew time for both coffees and teas is under 60 seconds, and the proprietary brewing method paired with the flexible Freshpack ensures no flavor cross-contamination from drink to drink — coffees taste like coffees and teas taste like teas.



VendingMarketWatch.com/12296399

## CLIF® Nut Butter Filled Energy Bar

CLIF BAR & CO.

The athletes and foodies in the Clif kitchen have crafted a different kind of energy bar. CLIF® Nut Butter Filled Energy Bar brings together two great energy foods

— a delicious, creamy nut butter inside an organic energy bar — to deliver sustained energy. Flavors include Coconut Almond Butter, Chocolate Hazelnut Butter, Chocolate Peanut Butter, and Peanut Butter and are available in vending and micro markets.



VendingMarketWatch.com/12296746

## Red Bull Editions Line Expansion

RED BULL NORTH AMERICA

Red Bull unveiled new product innovations for 2017, expanding the successful Red Bull Editions line. Red Bull introduces new Red Bull Purple Edition Sugarfree and Red Bull Lime Edition Sugarfree launched in January 2017, offering the functionality of Red Bull with the tastes of Acai Berry and Limeade, respectively. The introduction of Purple Edition Sugarfree and Lime Edition Sugarfree now provide consumers with the additional choice of sugar content, especially for those looking for flavor and low-sugar offerings, and will drive category penetration. The limited edition Red Bull Summer Edition Kiwi Twist is returning as a permanent SKU in January 2017 as the Red Bull Green Edition. The Red Bull Green Edition will offer the functionality of Red Bull with the taste of Kiwi Apple.

VendingMarketWatch.com/12281312



## Den's Natural & Gourmet ON The GO Hot Dogs

DEN'S HOT DOGS LLC

Den's Natural & Gourmet are minimally processed All Natural beef hot dogs and are available in 3 flavors to choose from: Mild Chili, Pineapple Chutney and Onions & Tomatoes.

Their refrigerated shelf life is 14 days. They contain no artificial ingredients or preservatives, growth hormones or antibiotics, gluten or MSG (monosodium glutamate).

VendingMarketWatch.com/12288129

## Butterball Protein Snack Sticks

MONOGRAM MEAT SNACKS

Monogram Foods is introducing two new Butterball Meat Snacks. Perfect for on the go protein seekers and the calorie conscious individual with just 60 CALORIES per serving. The Butterball brand has 99 percent unaided brand awareness.

It is a brand that consumers trust and have confidence in for both quality and taste. Turkey protein is perceived as a healthier option for many consumers and is the SECOND most popular protein in the meat snack category.

The Smoked Turkey 3 Snack Sticks and Honey Cured Turkey Stick are currently available in vending and micro markets.

VendingMarketWatch.com/12282196







## PRODUCT ROUNDUP



### Tribe Sweet Tea

#### PUSH BEVERAGES CORPORATION

Our new Tribe Sweet Tea has the homemade sweet tea flavor you're craving. It's real brewed tea sweetened with pure cane sugar with no artificial flavors, colors or preservatives! Check the ingredients in the tea you drink and it's probably a powdered tea with preservatives and caramel coloring. The eye-catching package makes it a micro-market favorite while still having an ultra-vendible bottle to use in your machines. This item joins the rest of our Tribe Tea line including Peach, Raspberry, Green, Lemon, Unsweetened, Diet Green and Diet Lemon. Made proudly in the USA by Push Beverages, LLC.

[VendingMarketWatch.com/12292279](http://VendingMarketWatch.com/12292279)



### Mrs. Freshley's Salted Caramel Mini Donuts

#### FLOWERS FOODS

Flowers Foods announces that Mrs. Freshley's is ringing in the New Year with delicious limited edition Mini Donuts, available now until June 2017. Salted Caramel Mini Donuts feature white cake donuts covered in salted caramel flavored crumble. Each three count pack is 3.3 ounces, and they have an estimated retail price of \$1.29 to \$1.79. There are 72 packs per case.

[VendingMarketWatch.com/12295312](http://VendingMarketWatch.com/12295312)



### Pierre Signatures American Club

#### ADVANCEPIERRE FOODS

Featuring turkey, ham and Monterey jack cheese on multi-grain bread, this deli-style, restaurant-quality offering is hand wrapped in clear, flexible packaging with simple paper labels, conveying its fresh appeal. The sandwich has a 14-day refrigerated shelf life. The 10-ounce pieces are packed 10 to a case (case weight is 6.25 pounds).

[VendingMarketWatch.com/12288145](http://VendingMarketWatch.com/12288145)

### Horizon® Organic Cheese Sticks

#### WHITEWAVE AWAY FROM HOME

Horizon® Organic Mozzarella Cheese Sticks are USDA certified organic and contain 7 grams of protein. Since

January 2017, they are available in the vending/micro market channel and come individually wrapped in display cartons for easy merchandising.



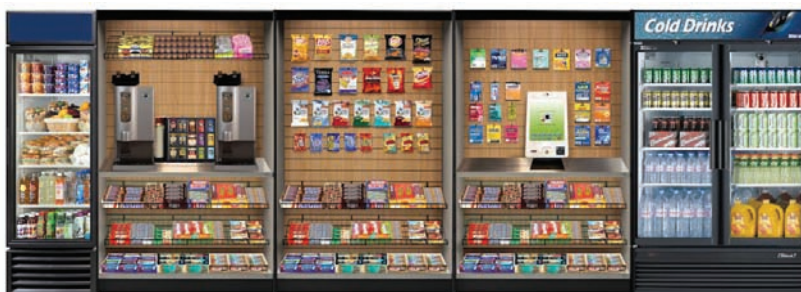
[VendingMarketWatch.com/12296342](http://VendingMarketWatch.com/12296342)

### Metal Micro Market Stand

#### ALL STATE MANUFACTURING CO.

All State Manufacturing Co. Inc introduces all metal, fully assembled, made in the USA stands for use in micro markets. Stands come in a variety of colors with a choice of slats in stainless, vinyl clad steel walnut or oak with LED lighting included. Optional surge protector for use with CCTV and computer system optional.

Choices include: kiosk with one shelf for pay station, coffee makers or microwave. Display stand with slats top to bottom for optimal display possibilities using slant shelves, baskets or



pegs. Stands come in widths of 27 and 49 inches and height of 78 inches.

[VendingMarketWatch.com/12297607](http://VendingMarketWatch.com/12297607)





## Sweet Serenity Chocolate Chip

**BISCOMERICA CORP.**

Biscomerica entered the competitive chocolate chip cookie category with Sweet Serenity Chocolate Chip in both 2 oz. and 3 oz. sizes. Introduced in January 2016, these cookies are now both ranked in the Top 5 of all Biscomerica vend products for 2016.

Loaded with semi-sweet chocolate chips, and packaged in a bright blue bag, customers love this delicious recipe. Brought to you by Biscomerica, the bakery that produces the popular Knott's Berry Farm and Sun-Maid brands of cookies.

[VendingMarketWatch.com/12294533](http://VendingMarketWatch.com/12294533)



## KIND Healthy Grains Cinnamon Oat Bar

**KIND**

The new KIND Healthy Grains Cinnamon Oat bar contains 5 grams of sugar with more than one full serving of 100 percent whole grains. Like all KIND healthy grains bars, these bars contain 5 super grain blend of oats, millet, quinoa, amaranth and buckwheat.

[VendingMarketWatch.com/12296379](http://VendingMarketWatch.com/12296379)



## NAMA BOOTH 1248

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## NAMA BOOTH 835

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Join us at NAMA Booth #835 to learn more!





## PRODUCT ROUNDUP



### OptConnect NEO OPTCONNECT

When size matters, the OptConnect Neo Delivers. This modem, no bigger than a deck of cards, provides a wireless 4g LTE cellular connection to keep your micro market with a strong internet connection. Along with our 24/7/365 tech support team and online web portal "Summit" you never again have to worry about losing money over issues with internet connection. The OptConnect NEO has a true plug and play format allowing you to have a full internet connection in less than 60 seconds.

[VendingMarketWatch.com/12297694](http://VendingMarketWatch.com/12297694)

### Califia Farm's Nitro Cold Brew CALIFIA FARMS

Califia Nitro Cold Brew marries creamy almond and macadamia nut milks with a cold brew made from a curated, signature blend of direct-sourced beans, infusing it with a jolt of nitrogen that brings out the natural sweetness of the coffee in a silky micro-foam reminiscent of a dark draft beer. Califia Nitro Cold Brews come in three on-trend flavors: Latte, Mocha, and New Orleans and are all completely vegan, dairy-free, GMO-free, soy-free and carrageenan-free.

[VendingMarketWatch.com/12302414](http://VendingMarketWatch.com/12302414)



# Marketplace

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# ULTRA-LITE MICRO MARKETS



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<sup>1</sup> Nielsen, 52 weeks ending 4/2/16

<sup>2</sup> Nielsen Global, based on volume, 2015

<sup>3</sup> RTI Research, Mondelez International research, Aug. 1, 2016

<sup>4</sup> Nielsen, Mondelez International research, Sep. 9, 2016