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Coffee Service Industry Resource

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Todd Plassman,
president,
Maumee
Valley Vending

VENDING INDUSTRY GAINS 4%
State of the Vending
Industry Report

page 22

OPERATION SUCCESS PROFILE

70 percent of revenues
for Defiance, Ohio vendor are
from micro markets.

page 38



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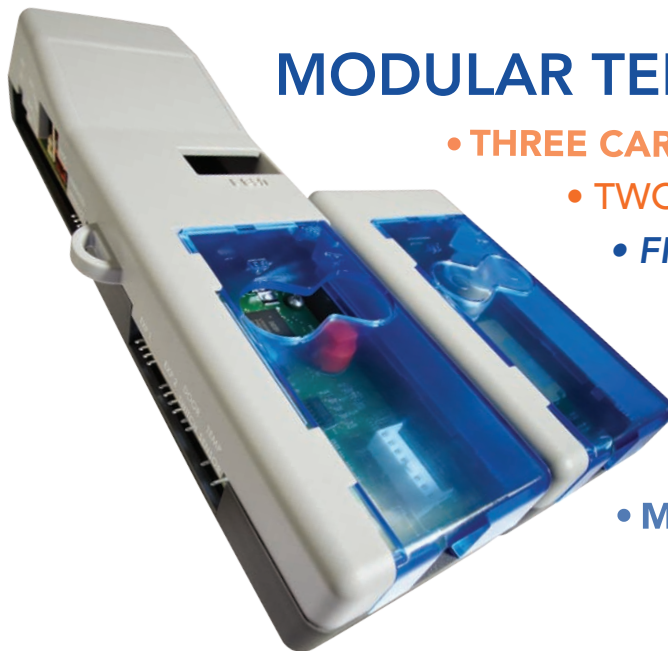
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SPECIAL REPORT



Vending Quarterly Micro Market Pulse

Operators report adding more micro markets in the first quarter of 2016.

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PO Box 803 • 1233 Janesville Ave
Fort Atkinson WI 53538
920-563-6388 • 800-547-7377

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

EDITORIAL STAFF

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

MANAGING EDITOR **Adrienne Zimmer**
(920) 563-1651
Adrienne.Zimmer@VendingMarketWatch.com

SUPPORT STAFF

ART DIRECTOR **Erin Brown**

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

AUDIENCE DEVELOPMENT MANAGER **Debbie Dumke**

SOUTHCOMM, INC

CHIEF EXECUTIVE OFFICER **Chris Ferrel**
CHIEF FINANCIAL OFFICER **Ed Tearman**
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EXECUTIVE VICE PRESIDENT **Gloria Cosby**
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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 Petillo, Wright's Media 877-652-5295, ext. 118
bpetillo@wrightsmedia.com



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PLANTERS



The New Business Model

You don't know what you don't know.

Do you prefer knowledge or wisdom? Are you a facts-driven decision maker or intuitive? I think there's room for both in the vending, micro market and office coffee service industry, but until recently operators have been using more wisdom to run their businesses. And now is the time to embrace knowledge.

Decisions made on data

In this issue you'll find the State of the Vending Industry Report on page 22. In the report I

talk about the new business model emerging in the industry. Specifically, it's the shift in how operators are utilizing technology. Instead of being an investment only the large operators or cutting-edge operators are making, it has begun moving into the mainstream. The majority of operators, regardless of number of routes or annual revenues, are using technology to more cost-effectively manage their businesses.

Size and numbers

While there are many types of reporting and technology that assist operators in bet-

ter business management, I prefer to focus on the use of a vending management system (VMS) as its purpose is very clear — to produce reports that can be used to analyze the business and make actionable decisions on the data collected at the point of sale. On a national level, 54 percent of operators report using a VMS. Drilling down, no matter how you slice the data, extra large, large, medium, and many small operators are using VMS. When looking at route size, 42.1 percent of operators with between 1 and 5 routes are using a VMS. The percentage goes up to 74.2 percent for 5 to 20 routes, 91.7 percent

for 20 to 40 routes and finally 100 percent for 40 or more routes.

When slicing the operations by the revenue reported, the numbers follow a similar pattern. For operators making less than a million in annual sales, only 25.5 percent are using a VMS (interestingly, this might prove a need for VMS more than the other numbers). For those making between \$1 million and \$5 million, 72 percent are using a VMS. From \$5 million to \$10 million that number increases to 83.4 percent and finally for those making over \$10 million it's 96.2 percent using a VMS.

Quite recently I was talking with a technology provider who said there is currently enough operator business out there to be sustaining a number of VMS providers, including most of the original suppliers as well as several newer entrants. The biggest hurdle to VMS is finding the time, determining the schedule, benchmarking data, cleaning it up and even hiring the right staff to analyze it and make decisions. It's a moving target that is not the same for every operation.

Dedicating resources to analyzing data isn't the only challenge. Some systems don't integrate well, making it near impossible to look at one system and see all the information. That is something vending technology providers are working on.

Must remain a goal

Still, it's not time to wait. It is important to make time for data. You don't know what you don't know. Who are your top 25 customers? Can you market to customers like them in your area? Who are your bottom 25? If you change the products at their machines, does it make a difference? When should you cut your losses on those locations?

I'm not arguing that we should exclusively use data to make decisions, either. Wisdom plays a large role in success. But just like two heads are better than one, using both knowledge and wisdom should produce the best results. | ◀

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**THE vast
majority of
operators
are now
using VMS.**

ter business management, I prefer to focus on the use of a vending management system (VMS) as its purpose is very clear — to produce reports that can be used to analyze the business and make actionable decisions on the data collected at the point of sale. On a national level, 54 percent of operators report using a VMS. Drilling down, no matter how you slice the data, extra large, large, medium, and many small operators are using VMS. When looking at route size, 42.1 percent of operators with between 1 and 5 routes are using a VMS. The percentage goes up to 74.2 percent for 5 to 20 routes, 91.7 percent

PLANTERS

Desserts to enjoy right out of the bag!



*Treat customers
to a snack...*

*...inspired by their
favorite dessert!*

Department Of Labor Issues Final Federal Overtime Rule



The U.S. Department of Labor announced its long-awaited changes to the federal overtime rule, increasing the minimum salary requirement under the Fair Labor Standards Act (FLSA).

The rule will automatically extend overtime pay protections to over 4 million workers within the first year of implementation.

Key Provisions of the Final Rule

The Final Rule focuses primarily on updating the salary and compensation levels needed for Executive, Administrative and Professional

workers to be exempt. Specifically, the Final Rule sets the standard salary level at \$913 per week; \$47,476 annually for a full-year worker. It also sets the total annual compensation requirement for highly compensated employees (HCE) subject to a minimal duties test to \$134,004; and establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for exemption.

The effective date of the final rule is December 1, 2016. More information on the rule can be found at www.dol.gov/whd/overtime/final2016.



A driver fills his truck near Milwaukee, WI. The DOL announced changes to its overtime rule.

tion Facts label will include the following:

- An updated design to highlight “calories” and “servings.”
- Requirements for serving sizes that more closely reflect the amounts of food that people currently eat.
- Declaration of grams and a percent daily value (%DV) for “added sugars” to help consumers know how much sugar has been added to the product.
- “Dual column” labels to indicate both “per serving” and “per package” calorie and nutrition information for certain multi-serving food products that could be consumed in one sitting or multiple sittings.
- For packages that are between one and two servings, such as a 20 ounce soda, the calories and other nutrients will be required to be labeled as one serving because people typically consume it in one sitting.
- Updated daily values for nutrients like sodium, dietary fiber and vitamin D, consistent with Institute of Medicine recommendations and the 2015-2020 Dietary Guidelines for Americans.
- Declaration of Vitamin D and potassium that will include the actual gram amount, in addition to the %DV.
- “Calories from Fat” will be removed because research shows the type of fat is more important than the amount.
- “Total Fat,” “Saturated Fat,” and “Trans Fat” will continue to be required.
- An abbreviated footnote to better explain the %DV.

Sunflower Kernel Recall Impacts Vending Brands: General Mills, Clif Bar & Co., Hershey

▶ As part of an ongoing national recall of sunflower kernels supplied by SunOpta, major vending brands have issued recalls of their products that contain sunflower kernels and could potentially be contaminated.

General Mills announced a voluntary national recall of four specific flavors of Nature Valley Protein Chewy Bars and Nature Valley Simple Nut Bars. The four



flavors of Nature Valley bars that are part of the recall were distributed to retail establishments throughout the United States.

Clif Bar & Company initiated a voluntary recall of CLIF BAR® Nuts & Seeds energy bars, CLIF BAR® Sierra Trail Mix energy bars,

and CLIF® Mojo® Mountain Mix® trail mix bars, sold nationally.

The Hershey Company issued a voluntary recall of three products sold under the SoFit brand. For a complete list of flavors recalled, please visit www.vendingmarketwatch.com/12216993.

FDA Modernizes Nutrition Facts Label For Packaged Foods

▶ The U.S. Food and Drug Administration has finalized a new Nutrition Facts label that will be on food products nationwide. The new Nutri-

Keurig Discontinues KOLD, Offers Full Refunds

► Keurig Green Mountain is discontinuing its KOLD soda machine and offering customers refunds for the full purchase price after less than one year on the market.

The company launched the KOLD system last September, allowing consumers to make cold sparkling

and still beverages (from brands like The Coca-Cola Company and Dr Pepper Snapple Group) at home or in the office at the push of a button. Production of KOLD pods will cease, with existing pod inventory being sold at a discounted price on Keurig.com.

In a statement, Coca-Cola said, "Our partnership with Keurig on the KOLD platform has provided a great opportunity for innovating and learning about new technologies that can deliver our beverages to consumers. Through it, we've gained valuable insights into what people want and expect from an in-home, single-serve cold beverage system. We will apply those learnings as we continue to explore innovation that will enable people to enjoy our brands in new ways."

Vengo Labs Expands On College Campuses

► Vengo Labs announced its partnership with The Blackstone Charitable Foundation's entrepreneurship-focused experiential campus program, Blackstone LaunchPad, to introduce Vengo kiosks to some

of the largest universities in the U.S.

By late summer, Blackstone LaunchPad locations including New York University, Syracuse University, University of Southern California, and University of Central Florida, will install Vengo machines for the upcoming 2016-2017 school year.

These kiosks will feature products from other Blackstone LaunchPad alumni, and will circulate Blackstone LaunchPad-specific content on the digital screens.

"It's been wonderful to see the rapid growth of Vengo Labs, a Blackstone LaunchPad venture, and we're excited to leverage our global network to accelerate its growth, while also providing additional value to our other student entrepreneurs," says Amy Stursberg, Executive Director, Blackstone Charitable Foundation. "The campuses that will be exposed to Vengo will serve as a testing ground for future product expansion across campuses in the U.S. and beyond."

NAMA Foundation Calls For Applications

► The NAMA Foundation announced that the 2016 NAMA Scholars Program will award three scholarships to NAMA members to attend the Executive Development Program (EDP) at Michigan State University Oct. 23 to 27, 2016. Applicants must be a full-time employee of a NAMA member company in good standing. Applicants must currently hold a position of senior-level manager or higher and preferably have been involved in the convenience services industry for 5 or more years and provide a letter of recommendation from his/her manager.

People in the News

Industry Mourns Passing Of Dale Dardis, 66

Dale J. Dardis, owner/operator of SGRC and Halo Vending, passed away at the age of 66. Dardis was born on July 22, 1949 in Cleveland and passed away suddenly on May 7, 2016 in Louisville, Kentucky.



Dardis

Hershey Names Michele Buck Chief Operating Officer

The Hershey Co. announced that Michele Buck has been named executive vice president, chief operating officer, effective immediately. Buck brings more than 25 years of consumer packaged goods experience to this new executive role. She will continue to lead Hershey's day-to-day North American operations and now will oversee Hershey's operations in Central and South America.



Buck

Former PepsiCo CEO Roger Enrico Dies

Roger Enrico, former CEO of PepsiCo, has died at the age of 71. Enrico, who spent more than 30 years at the company, was the only PepsiCo CEO to serve as CEO of all three major arms of the business. According to the company, in his career Enrico completed the purchase of Tropicana and acquired Quaker Oats, beating out Coca-Cola. He also oversaw the spinoff of the restaurant division.

Dan Ehlen Joins AVS Sales Team

American Vending Sales (AVS) announced that Dan Ehlen will be the director of sales, vending for the northern territory. Ehlen will be handling sales in Wisconsin, Minnesota, Iowa, North and South Dakota. His vending experience includes 28 years with Crane Merchandising Systems/National Vendors as an account executive selling their full line of products.



Ehlen

Robert AbouJaoude Joins Betson Enterprises As Senior Account Executive

Betson Enterprises announces Robert AbouJaoude has joined the company as senior account executive for Betson Imperial Parts & Service division. AbouJaoude brings more than 17 years of sales, marketing and customer service experience to the organization. He previously worked for Crane Payment Innovation (formerly MEI).

CAVC Hosts Successful Legislative Event In Sacramento

The California Automatic Vending Council (CAVC) hosted a two-day legislative event at the California State Capitol in Sacramento May 17 and 18.

On Wednesday a group of about 20 people met with over 30 State Senators and Assembly Members to educate them on three main issues affecting the industry. The attendees discussed the California law regarding the taxation of items sold through vending machines and the ongoing efforts to achieve tax parity with other retailers selling the same products. Under the current California Tax Code food products that are exempt from taxation when sold in grocery stores, convenience stores and catering trucks are subject to taxation when sold through vending machines.

Attendees also discussed CAVC's opposition to SB 878, a pending bill that would require an employer to put in place a 21 day work schedule for their employees and would require modification pay for any changes and would subject employers to claims for labor code violations. They also educated the legislators on the impact and burden that the new warning label requirements under Prop 65 was having on vending operators.



CAVC industry members spoke to legislators on three main topics during their legislative day.

key micro market packages to get their locations up and running quickly. "American Vending Sales is a great addition to the 365 sales network," said John Veit, sales director for 365 Retail Markets. "Their impressive history in the vending industry and expansive reach across the Midwest make AVS an ideal partner."



NAMA Launches NTV

► NAMA announced the debut of NAMA TV — NTV — a vehicle to communicate with the convenience services industry. "Quite simply, the goal of NTV is to engage with members in a fun, new way," said Roni Moore, VP of marketing and public relations. "We're working to enhance the members' sense of community and to add value. Finally, this is another manifestation of NAMA Now — our new brand and new vision for how NAMA does business," she continued.

CALENDAR OF EVENTS

JULY 12-13

NAMA Fly-In
Capitol Hill, Marriott Marquis
Washington, D.C.
Phone: 571-371-0944
www.namaflyin.org

JULY 22-23

NCVA Membership Meeting
Jefferson Landing Resort
West Jefferson, NC
Phone: 919-387-1221
www.ncvend.com

AUG. 9-11

SEVA Convention
Hilton Sandestin Beach Golf
Resort & Spa
Miramar Beach, FL
Phone: 727-576-1140
www.southeastvending.org

SEPT. 21-23

TMVA Annual Convention
Hotel Contessa
San Antonio, TX
Phone: 832-358-8080
www.tmva.org

OCT. 13-15

2016 Atlantic Coast Expo
Embassy Suites
Myrtle Beach, SC
Phone: 919-387-1221
www.atlanticcoastexpo.com

NOV. 8-10

CoffeeTea&Water Show
Gaylord Opryland
Nashville, TN
Phone: 312-346-0370
www.coffeeteaandwater.org



AVS Chosen To Represent 365 Retail Markets In Midwest

► American Vending Sales (AVS) has signed on to represent the 365 Retail Market's line of micro market products throughout the Midwest.

With the addition of the 365 Retail Markets line to the product line that AVS currently represents, customers will be able to order turn-

Swyft Raises \$3.5M Series A Financing

► Swyft Inc. announced a January 4th, 2016 close of \$3.5 million in Series A equity financing. "The funding will enhance Swyft's disruptive technology platform as we add clients to our network," said Richard Hashim, Swyft president & COO. "Since closing our financing we've signed contracts with several high profile clients and now have client branded automated retail networks operating successfully. We also have an extremely healthy pipeline of new customers."

Entice and Engage Consumers

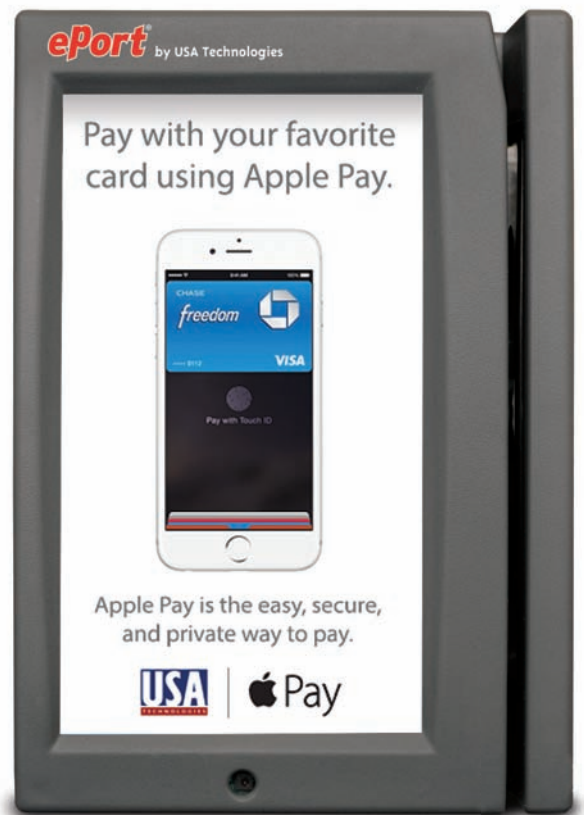
ePort Interactive's vibrant touchscreen and powerful interactive media platform are new, efficient ways to boost your unattended business.

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This is **over and above** pre-study cashless sales.

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– Tom Murn, CEO
The Answer Group



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Don't Forget The Ice

By Adrienne Zimmer, Managing Editor

The popularity of cold coffee, in many forms, is heating up.

From traditional cold brew coffee to espresso-based ready-to-drink (RTD) beverages, the demand for refreshing *and* chilly coffee is skyrocketing. Mintel estimated that from 2014 to 2015, retail sales of cold brew coffee grew 115 percent and accord-

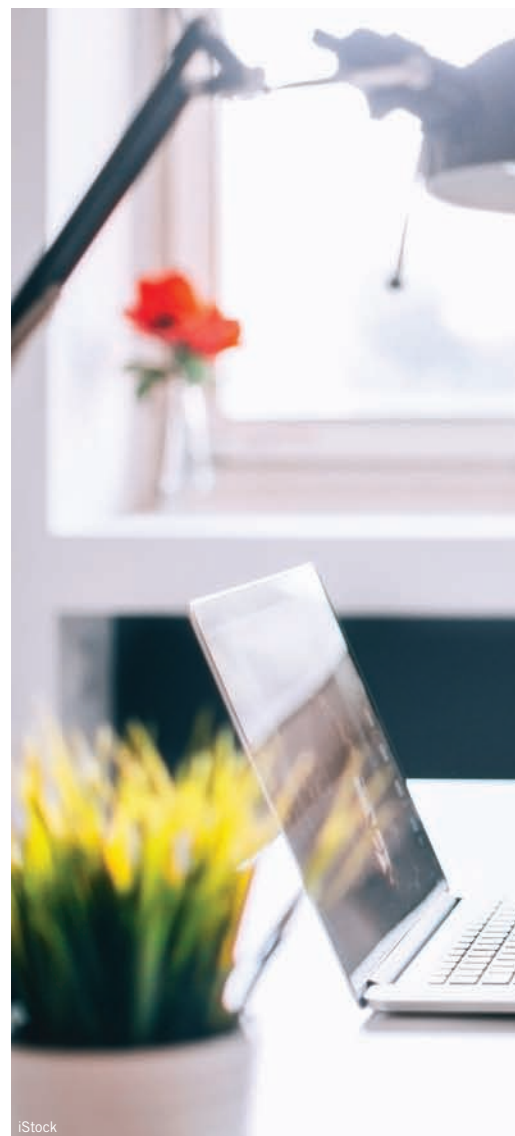
ing to Bloomberg the U.S. ready-to-drink coffee market has been growing by double digits since 2011.

Even in cooler months, cold coffee is contributing to booming sales for some companies. In fact, in the fourth quarter of 2015, Starbucks reported a 20 percent increase in iced drink sales nationally and KonaRed recently reported that its ready-to-drink (RTD) cold brew coffee sales have increased by triple digits each month since February. Coffee and beverage manufacturers, as well as brewer manufacturers, are responding to this trend with a variety of ways to give consumers the cold beverages they crave.

Deliver the chill to the workplace

There are several ways operators bring cold coffee to the workplace. One option is cold brew. In 2015, 25 percent of respondents to the State of the Coffee Service Industry report indicated that they offer a cold brew choice. Some operators opt to bring

Ready-to-drink iced coffee options are often shelf stable and consumed over ice.



cold brew coffee — made by steeping ground coffee beans in room temperature water for an extended period of time — to the workplace in kegs, while others offer the product in bottles, cans and cartons. Cold brew coffee naturally tastes sweeter and can be higher in caffeine than traditional RTD coffees. It does, however, require constant cool temperatures between storage and delivery, which may be a challenge for some operators.

While cold brew needs to be kept refrigerated, many traditional RTD coffees do not, which makes them another great alternative for operators to offer. Traditional RTD coffee,





according to Euromonitor International, differs from cold brew in that it is hot brewed coffee, iced or chilled and in most cases sweetened and mixed with dairy. In fact, a consumer can purchase the item from a machine or micro market — chilled or unchilled — and consume from the bottle/can or pour over ice.

Another popular way to offer cold coffee beverages is through a specialty brewer. For example, Bunn's Espresso® Sure Tamp® utilizes technology called Milk Texturing Fusion™ that creates cold frothed milk. Combined with espresso, the iced beverage mirrors that of a café experience.

COLD brew *naturally tastes sweeter.*

For those looking to create the iced coffee experience in a small office environment, some manufacturers also offer a single-cup solution to brew beverages over ice.

All signs lead to cold

The National Coffee Association's (NCA) most recent National Coffee

Drinking Trends Report found that 15 percent of respondents had tried cold brew coffee in the last year and 10 percent claim to have tried nitrogen carbonated coffee.

It's clear that the trend for cold coffee beverages is not expected to decline; in fact, research shows that Millennials — the largest generation in the workforce — are a group most likely to consume cold beverages such as cold brew coffee.

As an industry catering to those out-of-home consumers, it makes sense to offer the iced coffee and coffee-based beverages Millennials and other consumers desire. | ◀

Folgers Black Silk is a
TOP 10 retail coffee item
with a loyal following*



Resealable Filter Pack

Coffee and filter in one for
consistently bold, flavorful coffee.

Fraction Pack

Pre-measured fraction packs
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Bold, Yet Smooth For The Office

Now available in Foodservice, luxurious
Folgers® Black Silk dark roast coffee
delivers a uniquely bold flavor with an
exceptionally smooth finish and aroma.

*IRI Total US MultiOutlet Current 52 Weeks ending Sept 6, 2015, IRI NCP; Buyer Overlap between Folgers
MS Black Silk, Maxwell House Mainstream Dark Roast & Starbucks Premium Dark Roast 52 WE 9/6/2015

©/TM/® The Folger Coffee Company

th



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OR VISIT SMUCKERFOODSERVICE.COM FOR MORE INFORMATION.**



Webinars Can Generate Leads, Appointments & Sales!

By John Healy, Contributing Editor

How to add successful webinars to your online marketing toolbox.

The idea of creating and conducting a webinar can be a somewhat intimidating proposition. *(In fact, I'm about to launch a series of digital and social media marketing webinars in conjunction with NAMA, and the thought of doing them makes me perspire a little...but only just a little, because I know for a fact that they provide value.)*

As an online marketing opportunity, the benefits of webinars are significant. They can allow you to reach dozens of prospects at one time — not one at a time — and they can reinforce your authority leadership position in vending,

OCS and/or micro markets among your existing customers and prospects. *(Probably best to pick one of the three areas and not try to tackle too much in one webinar.)* A good webinar enables you to promote your products and services while you are educating its attendees, and you can make an offer at the end that ensures those who attend end up in your sales lead generation funnel.

If you think webinars could be a great online marketing tool for your business, begin by asking yourself the following questions:



John Healy is CEO of Healy Consulting & Communications Inc., a traditional, digital and social media marketing firm that strives to ensure its clients' relevance while fueling their growth and success. He can be reached at jhealy@healyco.com.

- What is my “big idea” or a topic about which I am an expert?
- Why should attendees care about my webinar?
- What is the “secret sauce” that inspires my customers to take action?
- What are some secondary motivators for them?
- What will I teach through my content?
- What will my ultimate call-to-action be?

There are essentially five steps to creating and conducting an effective marketing or sales webinar. They are:

- Initial Attraction
- Indoctrination
- Execution & Content *(both educational and promotional!)*
- “The Offer”
- Follow Up

Before we jump into the steps, it's important to stress that a webinar does NOT require its host to be “on camera.” Many, many successful



This screen grab of the Citrix GoToWebinar tool shows how your slides can impart useful information and be self-promotional *(the host's URL appears in the left hand corner on every slide)*. The chat box that appears in the upper right hand corner allows both the host and the moderator to screen questions and comments. And note how the host teased the “bonus content” as a way to keep attendees engaged until the end when the bonuses were revealed.

webinars are conducted every day with a PowerPoint deck, some great content, and even a script. Yep, you can write your webinar content out — word for word — and deliver it from the script. Just be sure to rehearse it once or twice beforehand.

As you become more confident, you might want to try some where your customers and prospects can see your face — perhaps during the opening and closing — which will reinforce your expertise, thought leadership and winning personality in their minds. Doing so can greatly enhance your lead conversion rates.

Initial Attraction

The first step, attraction, is a numbers game. You want to get the word out to as many people as you can — with the topic, the date, the time, format, how to sign up, and any other details you believe are important. If you have a CRM tool like Infusionsoft, you can send out invitation emails to your database and then “auto-responder” emails when someone signs up, then reminders — and possibly a second round of reminders closer to the date.

But you can also post about it on LinkedIn, place an ad on Facebook or Twitter, and send messages to all of your connections and friends on all of your social media platforms.

Decide before you begin promoting the webinar if you want it to be a “Leads & Appointments” webinar or a “Sales” webinar. If you’re going to be actively selling products and services during the webinar, make sure you have educated the attendees on the topic before you jump into your sales pitch. And, make sure you have an e-commerce solution in place that enables attendees to make a deposit or pay your “special pricing for attendees,” etc. The simplest e-commerce solution, if you don’t have one, is PayPal, but there are many others to choose from.



Compelling visuals and branding are a must when presenting a webinar.



Indoctrination

This is the period between your initial attraction announcement and the day the webinar takes place. It’s important because it “warms up” your targets to the topic and the host, it enables you to begin a new relationship or reinforce an existing relationship with the attendee(s), agitate the pain point (*namely what is the problem or issue you’ll be addressing and the solutions you can offer*), and pre-educate, if need be, on information your attendees may not possess but it would improve their experience if they did. And, you can begin to hint at the offer you will make during the webinar, so they think they’re going to get more than just a “good lecture” if they attend.

As you’re indoctrinating, make sure that your title identifies the right attendee, explains a primary benefit of attending, how that benefit will be achieved and addresses an objection they may have to your content or subject matter. For instance, a webinar title using that formula could be: **“How Human Resource Managers (attendees) Can Increase Employee Productivity (benefit) through a Coffee House Experience in the Break Room (how it’s achieved) without Costing a Small Fortune (a possible objection).”**

And certainly, be sure to build out the content of the webinar to

deliver on the title you will have so carefully crafted. There’s nothing worse than a webinar that promotes one topic, but rambles or wanders into many others that aren’t relevant.

Execution & Content

As you begin to use webinars as a lead gen tool or just a great marketing/positioning tool, your attendance expectations should be low. Don’t be disappointed if only 25 percent of those who signed up actually attend. If you are consistent in using webinars as a way to market your business online, your numbers will improve. But don’t ever expect more than 80 percent of those who registered to ever show up.

To improve your numbers, make sure you have reminded them of the day and time more than once during Indoctrination; remind them why it’s so important they attend; and reinforce that those who attend will receive a special offer at the end (*this also helps ensure that attendees stay through the entire webinar*).

Make sure the webinar content is truly educating attendees about topics that matter to them. You can promote your products and services, but be sure to do so in the context of education, even if your goal is sales and not just lead gen or appointments!

As a beginner, keep the webinar short and advertise it that

way (because we're all busy people, right?). For instance, you could call it "The 20 Minute Executive Briefing on [insert your topic]."

If you're going to have 5-10 min of live Q&A at the end (*which you might want to work your way up to...your first few webinars might just focus on delivering content with no Q&A*), make sure you have a moderator who can be watching the comments and questions box and be selecting the best questions for you to answer or the best comments to share at the end. Using a product like Citrix GoToWebinar makes the process easy, but it does cost a few bucks to buy the Citrix system. The moderator can also directly answer questions that you and the moderator don't believe are relevant to the entire group of attendees, or handle questions/comments that are off topic while you're delivering the content.

You can also use the execution of your webinar to "seed" upcoming content, either about additional upcoming webinars, or content you will be posting on your website, blog or other online locations where you're actively promoting your business.

And like any good PowerPoint presentation or slide deck, be sure that you switch up the format of your slides — some with colorful, appealing bullet-pointed material, some with only a compelling visual that reinforces a point you're making verbally, and some that have both content and visuals. Try to make the slides light on copy; after all, you will be delivering the majority of the content verbally (*from your script if you choose to use one*).

"The Offer"

At the end, offer some bonus content such as a "Tip Sheet On Healthy Vending" or an online guide about "How To Pick The Best Products For Your Micro

Webinar Plan & Timeline

- ✓ Outline completed
- ✓ Script drafted
- ✓ PowerPoint/Keynote created
- ✓ Revisions to script & slides completed
- ✓ Registration page live
- ✓ Rehearsal completed
- ✓ Citrix (or similar) tech all set up
- ✓ Webinar set to be recorded for auto-play
- ✓ Webinar goes live!

Market," for instance. In order for the attendees to receive the bonus content, direct them to a URL on your website or a landing page you may have created to highlight key content points and to redeem that special offer by opting in with their name, email address and possibly a phone number. (*Keep in mind that a complicated opt-in form can drive people away.*)

For it to be meaningful, your offer has to be appealing to your attendees. You can create the content, or you can curate the content of the offer — such as a third-party expert who has given you his/her permission to "borrow" their content because it's good for you and good for them.

Ultimately, it's about driving attendees to take action, so have a call-to-action at the end of your webinar, such as "*Go to [URL] to learn more about...*" or "*Take advantage of our special offer by pasting this simple link into your browser today! You'll be glad you did!*" And if your URL is long and complicated looking, remember that you can always shorten it by going to <https://bitly.com/> — it's a fantastic tool to shorten a URL so your attendees don't miss your offer by typing the wrong URL into their browsers. Bit.ly URLs work really well in Twitter posts, too!

Follow Up

Conducting a webinar and all it entails, creating your "offer," promoting and indoctrinating potential attendees will be for naught if you don't follow up immediately after the webinar has concluded.

The most important aspect of follow up is having it all thought through and planned out before you even launch your initial

attraction campaign.

The first step is to "park" the webinar content on your website or a landing page, which should be recorded through the Citrix technology, and let it just auto-play anytime someone who couldn't attend the live webinar wants to view it at a time most convenient for them. Tip: Be sure to delete the Q&A from the original webinar because it obviously won't make sense — Citrix can help with that.

Most successful online marketers follow up their webinars with an email campaign that relates to the subject matter, but moves the customer or prospect to the "next level," whatever that may be for your business. What's the next product you can sell them? What's the next topic on which they need to be educated? They may not buy what you're selling or sign up for the very next webinar, but that just means you will need to nurture them along like any of your prospects until they are ready to move to the next level.

Finally, put your webinar(s) on a timeline, or they will never happen. Like everything in our businesses, we have to commit and then follow through. Plan your first (or next) webinar with the simple milestone-based timeline above. And don't forget to make the webinar process and the webinar itself fun. | ◀

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*Source: Nielsen SCANTRACK®, Total US – Combined XAOC and Convenience Channels, 52 Weeks Ending May 7, 2016.



MICRO MARKETS LIFT VENDING INDUSTRY REVENUE TO \$20.9 BILLION

Vending machines still remain a core business asset, but revenues are growing from more effective business management tools and expanding service opportunities.

By Emily Refermat, Editor

Since the industry started recovering from the Great Recession, there has been a new business model emerging. During the hard years, it became apparent to many operators it was time to gain operating efficiencies and better control costs. This has led to a steady increase in the investment in vending management systems (VMS) as a way for operators to manage their businesses more effectively. In 2015, operators using VMS report it has helped increase same store sales, cut unprofitable accounts, cut labor and vehicles costs, increase product variety, all while maintaining or increasing sales and profits. Cashless payment acceptance is also being adopted at a faster rate. It has increased sales in many locations, according to operator comments. In part due to this strengthening of business practices, the aggregate revenue for the industry has grown nearly 4 percent in the past year to reach \$20.9 billion, the highest it has been in 6 years.

In addition to vending technology, micro markets have been invigorating revenues. Thanks to the open shopping experience with new products and broader appeal, micro markets are driving interest by workplaces and consumers. Both are requesting this type of solution from operators at an increasing pace. Micro markets have also brought new equipment providers, new smaller location solutions, and additional product suppliers to the industry. In 2015, the percentage of revenue associated with micro markets rose to a record-breaking 10.2 percent of the total, making it

CHART 1: INDUSTRY REVENUE IN BILLIONS, 10-YEAR REVIEW

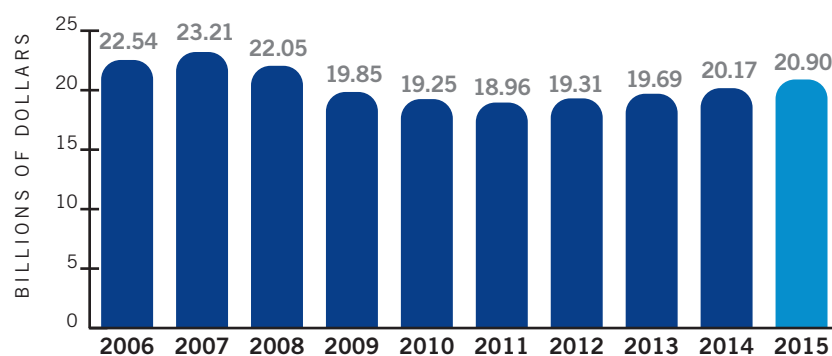


CHART 2: OPERATOR SALES

SIZE	REVENUE RANGE	% OF 2015 OPERATORS	PROJECTED 2015 SALES	% OF 2015 SALES
Small	under \$1M	50.5%	\$1.77B	8%
Medium	\$1M - \$4.9M	26.6%	5.81B	28%
Large	\$5M - \$9.9M	9.1%	5.27B	25%
Extra large	\$10M +	13.8%	8.06B	39%

CHART 3A: MACHINES BY LOCATION

- Manufacturing
- Offices
- Hotels/motels
- Restaurants, bars, clubs
- Retail sites
- Hospitals, nursing homes
- Universities, colleges
- Elementary, middle, high schools
- Military bases
- Correctional facilities
- Other

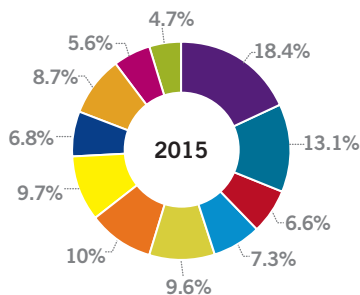


CHART 3B: NUMBER OF LOCATIONS SERVED IN 2015 COMPARED TO 2014

- Increase
- Remained the same
- Decreased

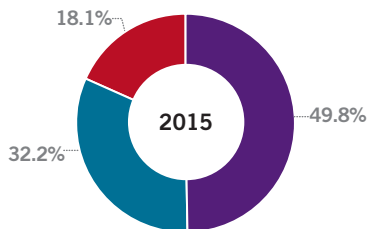


CHART 4: STAFFING CHANGES, 2-YEAR REVIEW

- 2014
- 2015

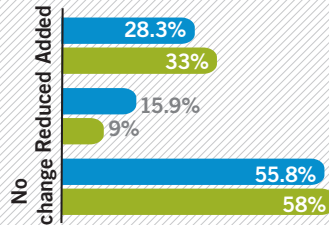
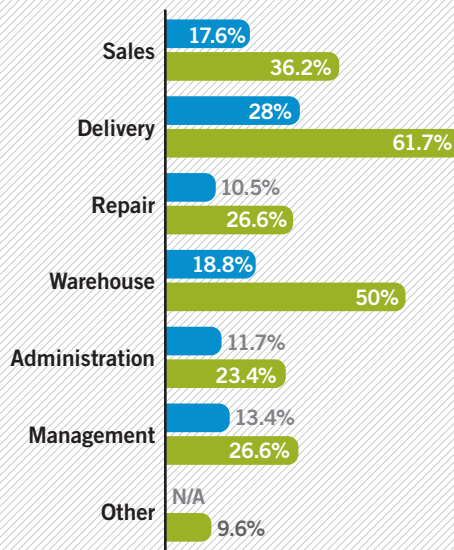


CHART 4B: AREAS WHERE STAFF WAS ADDED, 2-YEAR REVIEW

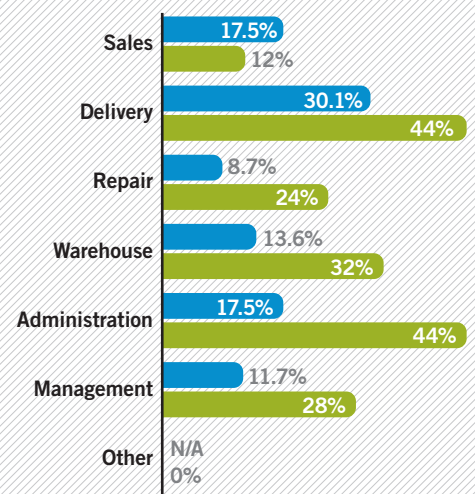
- 2014
- 2015



*Other includes micro market related staff, marketing professionals, cleaning staff, kitchen and tech

CHART 4C: AREAS WHERE STAFF WAS REDUCED, 2-YEAR REVIEW

- 2014
- 2015



NUMBER OF LOCATIONS SERVED
has increased since 2014.

the highest revenue-providing service segment after vending machines.

It's not surprising that micro markets have been doing so well. Many of the challenges vending has and is currently facing don't exist with a micro market. One example is that many consumers no longer value convenience as they once did. Instead, having grown up with restaurants and convenience stores on every corner, they like product variety, and

trendy items as well as saving time. A vending machine's limited choices can't compete, especially now that healthier items are being required in many places, taking up real estate in the already limited vending machine. The open concept of micro market shelving allows additional product choices, better meeting the expectations and needs of the consumer. Micro markets also come with an inventory management system, which

makes determining profitable products easier from day one. Despite the benefits of micro markets, the segment is not without challenges. Managing the increased number of SKUs in the warehouse, hiring the right staff to analyze reports and making changes in the markets is challenging, as well as training or hiring the right type of driver to best service the market. Plus, locations are much more individualized when shopping a market.

STATE OF THE INDUSTRY

CHART 5: STRATEGIES FOR HANDLING HIGHER COSTS, 2-YEAR REVIEW

PRODUCT	2014*	2015*
Raised prices	61.6%	82.4%
Absorbed extra cost	38.8	56.7
Eliminated unprofitable account	28.2	44.0
Rearranged routes	24.8	37.0
Reduced service frequency	22.6	36.6
Lowered commissions	20.0	28.2
Reduced equipment in accounts	13.6	18.3
Switched to using more cost-efficient vehicles	7.6	15.5
Rearranged job responsibilities	10.2	13.7
Postponed parts or equipment buys	9.4	13.4
Reduced product variety	6.8	9.2
Reduced company travel	5.6	6.7
Postponed equipment repairs	3.8	4.9
Adjusted compensation/benefits	4.6	3.5

* Includes multiple mentions

The same product doesn't work everywhere, keeping it from being a one size fits all type of service solution.

Acquisitions remain fairly constant

While the number of operations that divested or acquired business in 2015 shrank a little, the percentages stayed pretty consistent with prior years. Just less than a quarter of operators reported acquiring companies last year (see chart 6). Many of these acquisitions appear to be smaller operations. The percentage of operations making under \$1 Million in revenue each year dropped by 1 percent in 2015 (see chart 2). Mid-size and large operations grew. The number of extra-large operations declined. Comments suggest that pricing challenges among very competitive regions as well as those that are not utilizing technology are struggling.

In 2015 there was a shift in some of the locations operators served. Manufacturing and offices remain very important, but vending operators are diversifying their location mix which makes those percentages shrink due to the total percentage of 100 (chart 3). In actual numbers, it is unlikely these locations are decreasing. In chart 3B, nearly half of operators report servicing more locations

in 2015, which would support the theory there are a greater number of vending, micro market, and office coffee service customers now, than in 2014. One area that has been added is military bases which showed a sub-

CHART 6: ACQUIRED OR DIVESTED BUSINESS, 5-YEAR REVIEW

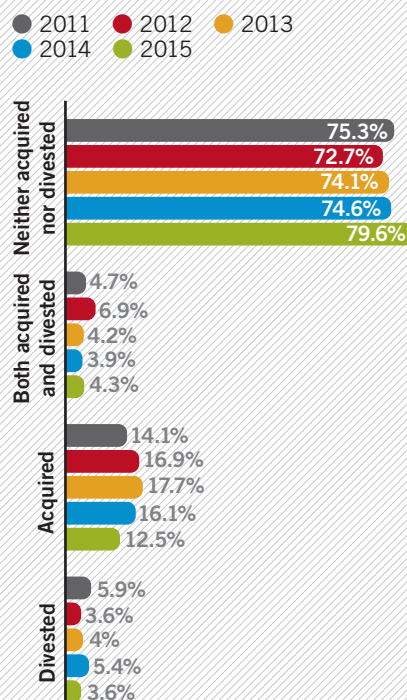


CHART 7: SEGMENTS WHERE PRICES WERE RAISED

PRODUCT	2015
Candy/snacks/confections	28.4%
OCS	8.1
Ice cream	6.1
Sundries/toiletries	2.9
Milk	5.5
Vended food	12.6
Bulk vending	1.6
Hot beverages	5.2
Condoms	0.4
Bottled water (not single-serve)	3.3
Music	0.1
Cooperative service vending	0.4
Cigarettes	0.8
Cold drinks	21.3
Manual foodservice	3.0

NEARLY 3 OUT OF 10 operators raised candy & snack prices.



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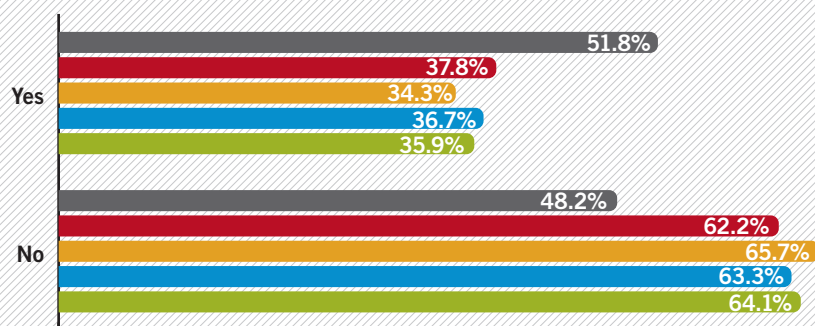
ARE YOU
GOOD TO GO
IN YOUR
MICRO MARKET?

Customers can view our GOOD TO GO items at: <http://myvistar.vistar.com>

STATE OF THE INDUSTRY

CHART 8A: ADJUSTED PRODUCT MIX TO REDUCE DELIVERIES, 5-YEAR REVIEW

● 2011 ● 2012 ● 2013 ● 2014 ● 2015



64% kept the same product mix in 2015 as the year before.

greater variety of healthier products available to operators today, although more are still needed with longer shelf lives and broader consumer appeal.

Technology combats rising costs

The cost of doing business is ever increasing. The vending industry is

no exception. Operators have raised prices at a greater level in 2015, than in the previous year, and over half of them have absorbed cost increases as well (see chart 5). Taking better control of the vending business and managing it more effectively, is another solution operators are using to handle

CHART 8B: THOSE WHO REDUCED PRODUCT VARIETY, REDUCED IN THE FOLLOWING AREAS:

PRODUCT	2015*
Candy/snacks/confections	34.4%
OCS	3.8
Ice cream	3.8
Vended food	7.1
Hot beverage	2.7
Cold drinks	14.8
Sundries/toiletries	1.1
Bottled water (not single serve)	1.6
Milk	1.1
Condoms	1.1
Music	1.6
Cigarettes	0.6
Other – fresh pastries, music, condoms, cigarettes	2.2

* Includes multiple mentions

the increased cost of doing business. More than a third eliminated unprofitable accounts, rearranged routes and reduced service frequency. Much of this was done with VMS.

In 2015, operators were asked if they utilized a VMS; 54 percent said yes. When looking at the operators that

CHART 9A: EXPANDED INTO NEW SERVICES, 5-YEAR REVIEW

● 2011 ● 2012 ● 2013 ● 2014 ● 2015

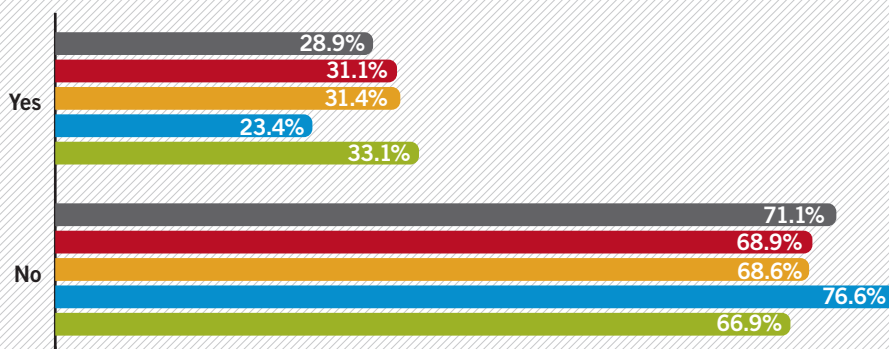


CHART 9B: IF YES, WHICH SERVICES?

PRODUCT	2015*
OCS	14.6%
Water service	12.5
Bulk	4.2
Catering	8.3
Manual feeding/cafeterias	5.2
Delivery of products to locations that are not vending locations	11.5
Direct shipping of product via courier to locations	2.1
Retail store	1.0
Micro markets	51.0
Pantry service	14.6
Other	18.8

* Includes multiple mentions

CHART 10A: TECHNOLOGY UPGRADES, 2-YEAR COMPARISON

% of machines equipped with the following:	2014	2015
Credit/debit card & mobile payment readers & telemetry	11%	15%
Mobile-ONLY (no credit or debit cards) payment	n/a	<1%
Video screens	n/a	<1%
QR codes for mobile app	n/a	<1%

CHART 10B: DO YOU UTILIZE A VENDING MANAGEMENT SYSTEM OR VMS?

● No ● Yes

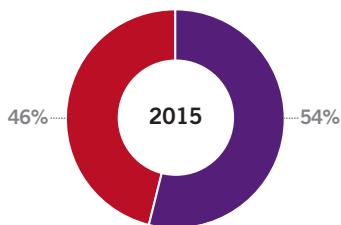
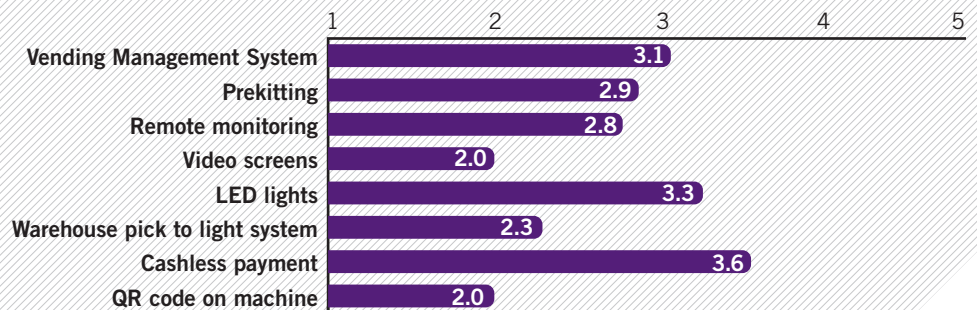


CHART 10C: HOW WOULD YOU RATE THE FOLLOWING TECHNOLOGY ON A SCALE OF 1 (I DON'T REALLY LIKE IT OR USE IT) TO 5 (GREAT INVESTMENT - ROI)



Total machine base estimates: 4,518,000 for 2015

reported increased revenues in 2015, the percentage rose to 62.6 percent. For operators that reported a decrease in their revenue for 2015, only 32.1 percent used a VMS. Using a system to manage vending data seems to help operators stay in the black. Many commented on technology innovations saying “it helped me learn my business better and grow our overall sales within locations” as well as “it has been a huge positive.” Those operators embracing VMS are also looking at other systems such as business intelligence software, e-commerce, warehouse picking solutions, customer relation management (CRM) tools and more, suggesting a more modern, innovative future for automated retail.

Boost in cashless vending

The number of vending machines that accept credit and debit cards has hit 15 percent, the highest on record (see chart 10). Not just the percentage, but the actual number of cashless readers has also increased, because in 2015

the approximate number of vending machines dropped to 4.5 million, down from around 5 million, predominantly to the addition of micro markets. Operators adding cashless payment acceptance tend to comment that it has produced a sales lift. It benefits the operators’ bottom line, but also increases customer satisfaction.

Many operators use two-tier pricing now that it is available, to cover the fees charged for taking credit cards. Despite this movement towards a more cashless vending experience, the majority of vending machines still only accept cash or coins — a statistic that puts the vending industry at a disadvantage compared to its competitors for the consumer snack and daytime meal dollar.

While there has been conflicting information about how the Europay,

MasterCard and Visa (EMV) or chip cards will affect vending, this is not a top critical issue for operators, who are working with processors to manage any fees they have experienced.

Micro markets change the landscape

At an all-time high were operators reporting micro markets as the primary driver of their positive bottom lines. Yet, the percentage of operators that offer micro markets is less than 50 percent (see Micro Market Breakout). Roughly a third of micro market operators have 50 micro market locations, or less. The average is 13, although that number is misleading. Operators usually try a couple markets, and if the concept works for them, jump into the segment quickly, placing micro markets

MICRO MARKETS
was again THE new service to try in 2015.

MICRO MARKET BREAKOUT

13

Average number of micro markets

57.3%

of operators who responded have 0 micro markets.

21.1%

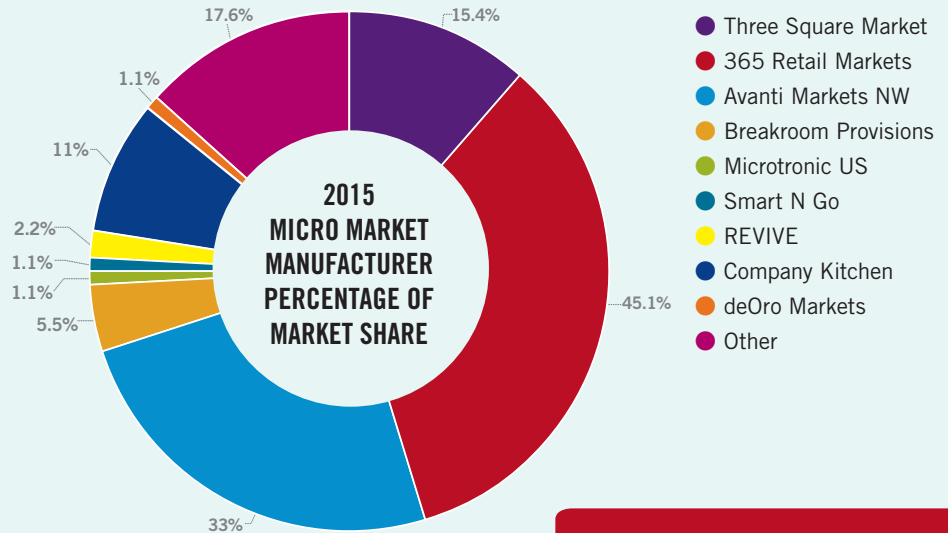
have 1-10

33.7%

have less than 50

1.5%

have more than 500



It is the logical way to increase product variety, sales and customer satisfaction.

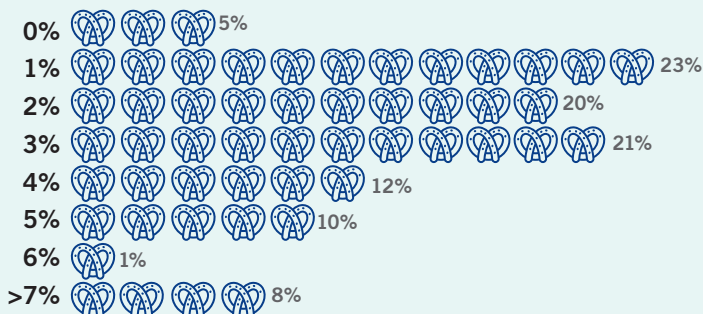
MICRO MARKET SEGMENT IS:

● Growing ● Staying the same ● Declining

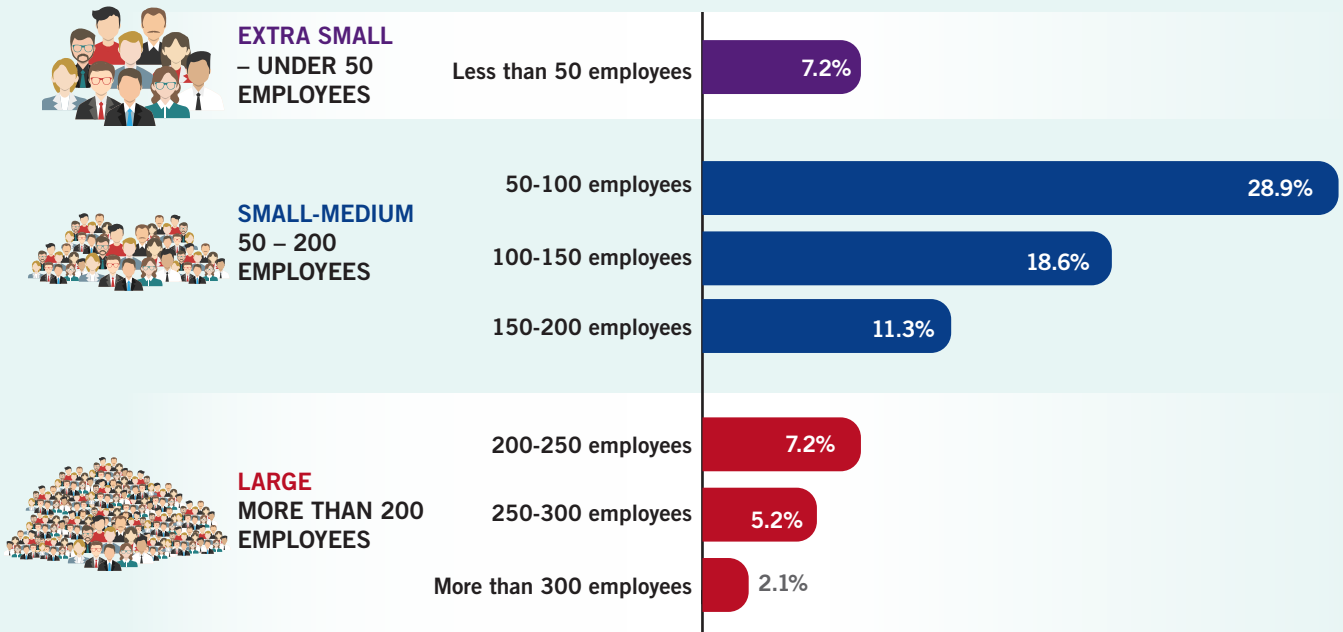
Customers like the concept. Word of mouth is selling the markets!

It's become much more of an employee engagement/retention tool for our customers vs. traditional vending.

AVERAGE SHRINKAGE/THEFT PERCENTAGE



MINIMUM LOCATION SIZE WHERE A MICRO MARKET IS CURRENTLY PLACED:



Great concept. We get pricing plus tax and deposit.

Limited to locations with room.

87.6%

10.1%

2.3%

Expanding-consumer demand and direction industry is headed.

It's a big investment and there are not as many locations that would be a good fit.

TOP THREE MICRO MARKET CHALLENGES:

35.4%

Product management



– using data to eliminate stale and adjust to constantly changing consumer preferences, especially finding the time, sourcing products especially in the healthy category

19.5%

Theft management



– getting and installing cameras, tracking theft, especially time to watch video

8.5%

Labor



– hiring or training drivers to service micro markets, hiring staff to monitor product sales and theft as well as promotions

STATE OF THE INDUSTRY

CHART 11A: SHARE OF SALES BY PRODUCT CATEGORY, 3-YEAR REVIEW

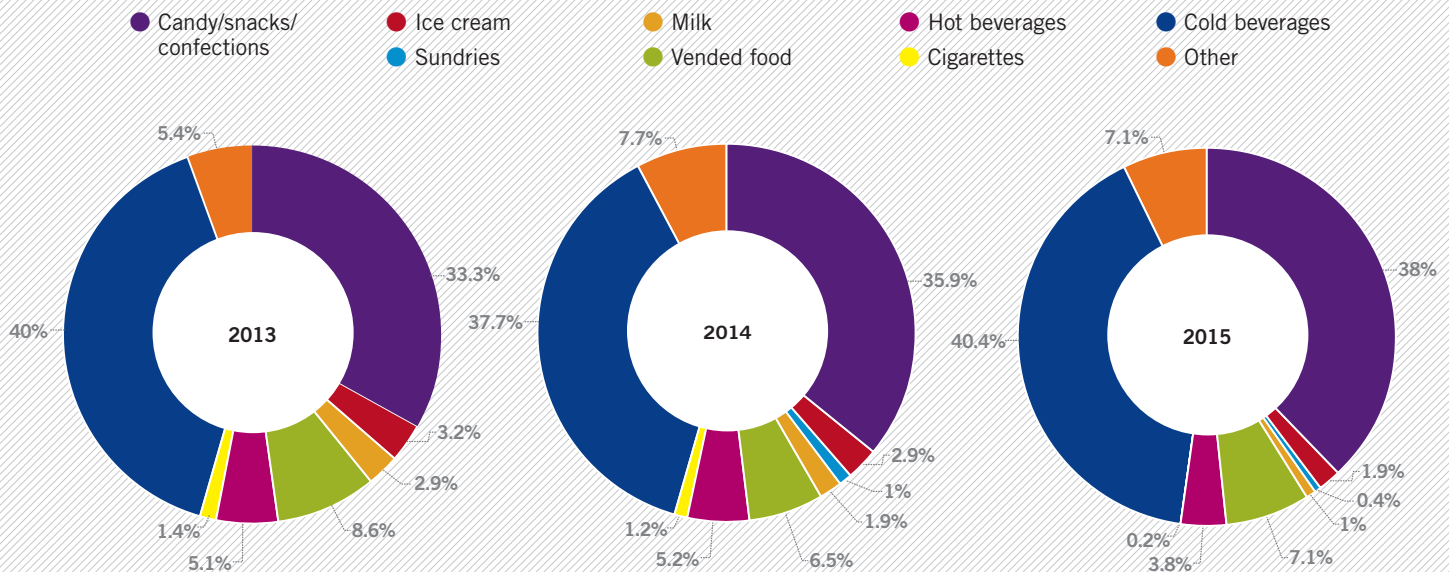


CHART 11B: SHARE OF SALES BY SERVICE CATEGORY, 5-YEAR REVIEW

	2011	2012	2013	2014	2015
OCS	6.4%	9%	12.8%	13.3%	6.8%
Micro markets	N/A	1.8	5.11	8.9	10.2
Water service	28.4	17.2	11.8	1.9	2.0
Manual foodservice	28.4	17.2	11.8	7.6	9.1
Bulk vending	N/A	N/A	N/A	2.0	2.3
Music	N/A	N/A	N/A	1.1	1.9
Games	N/A	N/A	N/A	0.8	3.0
Janitorial supplies	N/A	N/A	N/A	0.1	0.7
Other	N/A	N/A	N/A	4.2	9.5
Vending	N/A	N/A	N/A	60.1	54.6

10.2%
of sales revenue is
from micro markets.

fast. This produces large gaps in the number of micro markets reported, which brought down the average.

There still remains 57.3 percent of operators who are holding out, not willing to take micro markets on as a new service segment. In an attempt to discover how much micro markets are affecting operators' success, we compared operators who reported a decrease in revenue for 2015 compared to 2014 to those that reported

an increase. Of those operators who reported decreased revenue in 2015, 85 percent of them did not offer micro markets. Of those that reported an increase in revenue, only 45 percent did not offer micro markets.

Product category review

Candy/snack/confections and cold beverage segments continue to make up the majority share of revenue for operators. Both saw increases in 2015

in revenue and unit sales (see chart 14). The large variety of cold beverages from bottled water to ready-to-drink teas and coffees has helped sales in this category remain strong, but energy drinks did the best of all the cold beverage categories.

Candy/snack/confections

According to sales data provided by Cantaloupe Systems and extrapolated for the entire industry, candy did

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OCS BREAKOUT

In 2014, office coffee service (OCS) made up the majority of non-vending service revenues in the vending industry, but that changed in 2015. OCS still makes up a significant portion, 6.8 percent, but it is now third behind the micro markets and manual foodservice service segments (see chart 11B. Other was not included since it is comprised of many even smaller services that would each contribute less than OCS separately).

6.8%

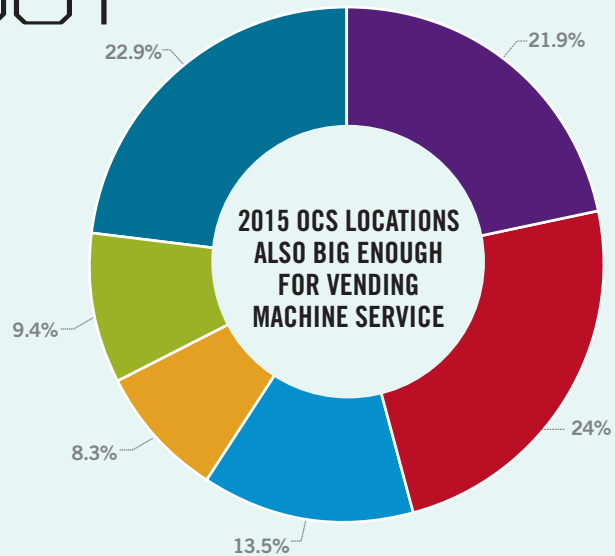
Percentage of vending industry that OCS makes up

Operators report more competition in OCS than in previous years, especially among the smaller companies concerned about cost of OCS options for their employees.

This represents about 22 percent of OCS locations, which operators report aren't even large enough to support vending machines. From operator statements, these locations are interested in offering coffee and related products to employees, but then cut when costs are perceived as too high. These locations are the most likely to turn to the internet e-commerce sites and big box stores or wholesale clubs for their OCS needs.

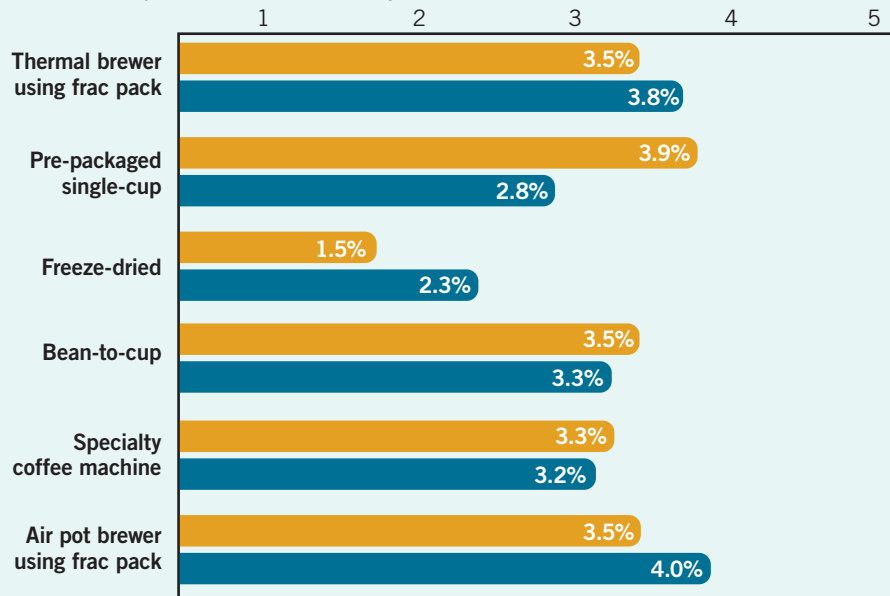
In other areas where the workforce is stable or growing there is still steep competition from coffee shops. There are cafes and fast food outlets offering coffee close by most facilities, and these are often patronized by employees. Many operators find employers are less willing to cover the cost of offering quality OCS to employees in these areas.

- 0%
- 1-20%
- 21-40%
- 41-60%
- 61-80%
- 81-100%



RANKING OF DIFFERENT OCS OPTIONS IN 2015 (1 = LOWEST, 5 = HIGHEST)

- Consumer preference
- Profitability



well, accounting for nearly 28 percent in annual revenues (see chart 14). Bagged candy grew the most from 2014, pushing revenues up nearly 33 percent. Chocolate candy and non chocolate candy both saw increases as well, however, the non chocolate category brought in nearly twice the amount of revenue. The only candy category to decline in 2015 was gum and mints, which lost units, if not sales revenue.

For snacks, those categorized as nutritious showed the largest increase, 31.7 percent for revenue. This growth is unsurprising as consumers are moving towards certain types of healthier snacks and alternative options. Nuts and seeds also did well, as did food snacks, both growing more than 20 percent in revenue.

Despite the focus on healthy items, consumers still like indulgences, a fact supported by the revenue growth in

pastry, 19.7 percent, as well as chips 13.9 percent. Bagged snacks grew the least, but still showed a positive movement of 2.3 percent for revenue.

Cold beverage

Energy drinks grew the most in both revenue and unit sales, according to Cantaloupe data. In both the smaller 12 ounce size as well as the larger 16 to 20 ounce size, the revenue growth was over 27 percent. The next stron-



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STATE OF THE INDUSTRY

gest cold beverage category was large non-carbonated drinks. This would include ready-to-drink iced teas, coffees, water and flavored waters.

These are similar to trends seen in the U.S. Liquid Refreshment Report released by Beverage Marketing Corporation. Bottled water has had an especially notable year, with volume growing by 7.9 percent. Carbonated soft drinks remain on the decline across all retail segments according to the Beverage Marketing Corporation, but this is not the case in the vending industry, which saw that segment increase between 10 to 13 percent in revenues compared to the prior year.

Milk sales remain low in vending machines with 47.5 percent of operators reporting that in 2015 they didn't even offer milk. Of those that did offer milk, nearly 12 percent of operators reported increasing milk sales in 2015, which was higher than the 8.8 percent that decreased milk sales. The rest, about 31.9 percent, reported no change.

Operators diversify

In 2015, operators continued their trend of offering additional services, beyond traditional workplace refreshment. More than 9 percent are utilizing their staff, product inventory, logistics or other business acumen to expand their businesses (11B). Operators report supplying repair services for vending equipment or coffee brewers, acting as a distributor for certain brands, catering, wholesaling and subsidized product delivery via free vend vending machines among the other services contributing to their annual revenues.

Challenges: preferences, hiring

A primary challenge for operators is the very individualized preferences of consumers. Operators report a lack of appreciation for the service they provide. Consumers today overlook convenience, traveling to competi-

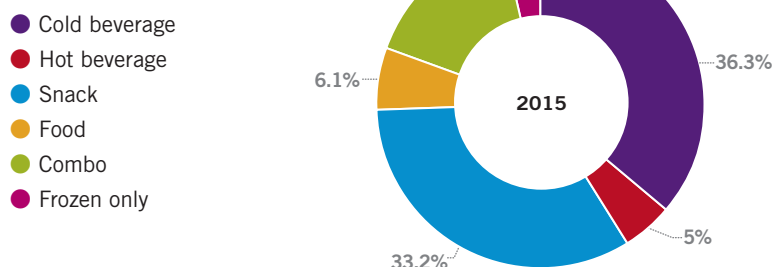
CHART 12: PROJECTED SALES BY CATEGORY, 5-YEAR REVIEW IN BILLIONS

PRODUCTS	2011	2012	2013*	2014	2015	% CHANGE
Candy/snacks/confections	\$5.57B	\$5.22B	\$6.56B	\$7.24B	\$8.0B	10%
Ice cream/frozen	0.42	0.59	0.63	0.59	0.4	-32
Sundries/toiletries	NA	NA	NA	0.20	0.1	-61
Milk	0.34	0.49	0.57	0.39	0.2	-48
Vend food	1.14	1.38	1.69	1.30	1.5	14
Hot beverages	0.98	0.89	1.00	1.05	0.8	-24
Cigarettes	0.11	0.33	0.28	0.25	0.0	-84
Cold beverages	8.23	7.34	7.88	7.61	8.4	11
Other	0.47	0.94	0.91	1.55	1.5	-4

SERVICES	2011	2012	2013*	2014	2015	% CHANGE
OCS	1.70	2.14	2.52	2.68	1.4	-47
Micro markets	5.38	3.33	2.32	1.79	2.1	19
Water service	N/A	0.35	1.01	0.39	0.4	6
Manual foodservice				1.53	1.9	24
Bulk vending				0.40	0.5	19
Music				0.22	0.4	79
Games				0.16	0.6	293
Janitorial supplies				0.02	0.1	765
Other				0.85	2.0	134
Vending				12.12	11.4	-6

* Numbers adjusted based on revised Chart 11

CHART 13: PERCENTAGE OF EACH TYPE THAT MAKES UP PLACED VENDING MACHINES



OTHER services are contributing \$2 billion to the annual industry revenue.

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* according to 2013 Micro
Market research

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tors to get the exact flavor or type of product they want. Customer loyalty is low to service, but exceptionally high to the product.

Micro markets certainly alleviate some of these challenges, but it's not a realistic option for many locations. Operators are trying to figure out how to provide the same level of product customization for vending customers using VMS data as well as better communicate with consumers. Operators are trying QR codes, mobile apps, video screens, social media and loyalty cards that work at a vending machine to engage the consumer in a more positive way.

Another difficulty operators are reporting is finding and retaining dedicated employees. Across the foodservice industry, especially restaurants, companies are feeling the squeeze of not having enough quality employees. Specifically in vending, micro market and OCS, operators talked about the difficulty in finding and keeping good route drivers as one of their top concerns. Hiring the correct employees to deal with new micro market business was a close second.

For most operators, vending is a core business that is relatively flat. Many revenue increases in vending have been a result of better cost control and eliminating unprofitable locations and products, all through technology. This has moved VMS and similar business management solutions from good-to-have to must-have. The strongest segment in 2015 was micro markets, which represented a record percent of revenue compared to other services offered. Micro markets are poised for continued growth for the foreseeable future, furthering the gap between operators that do offer it and those that don't. As for new segments, operators are diversifying into many different areas, expanding offerings and the types of locations they service, all of which will continue into 2016. | ◀

Methodology

The *Automatic Merchandiser* State of the Vending Industry Report is compiled from a survey sent to vending operators in Spring as well as operator interviews. The 2016 report is based on nearly 400 responses to the survey, close to a 4 percent response rate, and includes full-service as well as small-size snack and soda operators.

CHART 14: CANDY/SNACK/CONFECTION MACHINE ESTIMATE TOTALS BY CATEGORY AND SUBCATEGORY

	2015 REVENUE	% SALES OF TOTAL	% SALES CHANGES 2015 REVENUE CHANGE	UNIT CHANGE
CANDY	\$2.2B	27.8%	10.6%	8.1%
Chocolate	1.4B	2.8	7.6	5.0
Non-chocolate	550.1M	3.9	16.7	15.7
Bag candies	42.0M	0.1	32.9	19.6
Gum & mints	157.0M	0.3	7.3	-1.5
SNACKS	\$5.7B	72.2%	15.3%	12.3%
Bagged snacks	95.9M	1.2	2.3	2.7
wafers, cookies, nuts, brownies, pretzels, fruit clusters, bagged gum, yogurt bites				
Chips	2.8B	35.3	13.9	11.4
Cookies & crackers	849.2M	10.7	6.2	4.1
Food snacks	87.7M	1.1	27.7	24.9
Cheese sticks, meat sticks, meat bites,				
Nutritious snacks	386.6M	4.9	31.7	26.4
Bean chips, granola, fruit snacks, organic items, specialty crackers/pastries/cookies, dark chocolate, bars, dried fruit, hummus				
Nuts and seeds	205.3M	2.6	20.0	13.3
Pastry	1.3B	16.4	19.7	18.3
Cupcakes, coffee cake, pies, honey buns, brownies, doughnut, muffins, danish, pastries				
DRINKS	\$8.4B	39.8%	15.9%	11.2%
Energy drinks	374.5M	4.5	27.4	27.5
Non-carbonated, 12oz	63.4M	0.8	14.3	12.9
Soda, 12oz	1.8B	21.9	10.6	4.7
Energy drinks, 16-20oz	135.6M	1.6	27.8	25.7
Non-carbonated, 16-20oz	1.5B	18.1	25.4	22.7
Soda, 16-20oz	4.5B	53.2	13.5	10.1

Source: Extrapolated from data courtesy of Cantaloupe Systems, Inc.

NUTRITIOUS SNACKS
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revenues and sales in 2015.

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Micro Markets Drive Business Forward

By Emily Refermat, Editor

» Specifically, 70 percent of revenues for this Ohio vendor are from micro markets, helping him accelerate his recovery from the Great Recession and come out on top.

That will never work.” This was the first thought Todd Plassman, president of Maumee Valley Vending Co. in Defiance, OH, had when he was introduced to the micro market concept four years ago. He felt that micro markets would need such a unique location to succeed, and that in most places, theft would be much too high. In 2016, however, he has come a long way from that initial apprehension. The company has added an astounding 150 micro markets since 2012, doubled revenues per route compared to vending and doubled its employee count. Thanks to healthy fresh food offerings, a strong promotions program and attention to area treatments, customers in the tri-state area of Ohio, Michigan and Indiana are asking for the micro market



breakroom concept as fast as MVVC can install them.

“We are very pleased with how our business is going,” said Plassman, who works alongside his sons Jordan and Jacob at the thriving family business.

Employee turned owner

MVVC has been around since 1946. Donald Plassman, the father of Todd, worked at the company as the general manager for many years in the early days, running the business for the original owners who lived out of state. When they were ready to retire, Donald was an obvious suc-



Three generations of Plassmans have worked at Maumee Valley Vending. Donald, pictured on the wall, his son Todd, center, and grandsons Jacob, left, and Jordan.

cessor. He knew the business, customers, area and was dedicated to seeing the company succeed. Donald and Robert Bostleman bought a controlling share along with Donald's sons, Todd and Scott in 1997. The two boys joined their father as everyday employees until health problems prompted Donald to sell the company to them in 2000. Todd eventually



bought out Scott and has carried on the tradition of bringing in family to help. He brought his own sons onboard: Jordan Plassman in 2011 and Jacob Plassman in 2013. “I really am thankful I’m able to work with my boys,” said Plassman. “It’s been a real benefit to have them. It takes some of the burden off me.”

While the burdens of a rapidly growing vending operation can be challenging, Plassman much pre-

fers them to the bump MVVC hit in the Great Recession. His employee number had dropped to below 50 and things were bad. “We removed 15 large accounts that closed within 12

months,” said Plassman remembering. He and his staff kept at it, and as the recession ended, business began to tick up. Once the company started placing micro markets, enthusiasm

“I really am thankful I’m able to work with my boys.”

Todd Plassman, President, Maumee Valley Vending



MVVC invests in extras to make the micro markets feel sophisticated and comfortable.

Enhancing the breakroom

It's important to Maumee Valley Vending to include area treatments on each micro market installation to really make it feel special and unique. "We've done some pretty creative stuff," said President Todd Plassman. His staff has done dark wall treatments, set off with track lighting. In one installation they placed all Harley Davidson branded furniture. "People love it," said Plassman. "We want to make the markets a fun place to go."

for the business snowballed. MVVC currently employs more than 90 individuals from the warehouse to the office staff. Since micro markets require prekitting, Plassman discov-

ered a strong need to bulk up warehouse staff and currently employs 15 people in that area. Staff in the commissary has also grown, as the fresh food sales have increased with micro

markets. In the office, Plassman has hired staff to manage the promotions, both implementing them and tracking the special products. "We're very fortunate to have great people around us — and they wear many hats," said Plassman, recognizing those that work at MVVC. "That helps us pull all this off," Plassman acknowledged.

MVVC launches micro markets

It was only four short years ago that MVVC launched its first micro market and experienced a superior level of growth. In 2012, Terry Miller, general manager at MVVC, began talking to Plassman about the micro market concept and its potential in their area of Ohio. At first, Plassman was skeptical. "Common sense told me you'd get robbed blind," laughed Plassman. However, after months of discussion, Plassman finally agreed to try it.

One of their longtime customers might be open to the concept, Plassman knew, so he set up a meeting. The location agreed to try the concept, but had stipulations. "They wanted to



MVVC offers various micro market promotions, including the chance to win a free kayak.

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keep the vending machine too, just in case,” remembered Plassman.

MVVC installed an Avanti Markets micro market and waited. After the first day, the company was pleased with the market and told them the vending machines could go. “It was amazing,” said Plassman.

Part of the appeal was the increased selections. For example, the location had 30 beverage options with the vending machines. With a micro market, that went up to 74 different options. “People just loved it,” Plassman said. He realized just how much employees and customers enjoyed the concept, which has led to the company’s current micro market focus. Roughly 70 percent of the company’s revenue is driven by the micro market segment, with the rest being vending. “I would rather do micro markets,” he admitted,



The culinary department is encouraged to constantly find new ways to present healthy options.

Having the theft conversation

The question of theft and shrinkage comes up at each potential micro market pitch and Todd Plassman, president of Maumee Valley Vending in Defiance, OH, understands why. After all, he initially thought theft would be rampant in the micro market concept, too. It has proven not to be, however. “Theft is not an issue whatsoever,” said Plassman. Part of the reason it isn’t an issue is the 24-hour monitoring by cameras and a special partnership MVVC has with a local college.

INTERNSHIP LEADS TO PARTNERSHIP

Students in the criminal justice program at a local college review MVVC’s micro market camera footage with an eye out for theft. The

footage can be viewed remotely for up to two months, and in that time any issues are brought to the attention of Plassman. “You just have to prove to people the cameras aren’t just for show,” said Plassman. Usually one example will fix any problem, if there is one. The partnership has been a huge success. The students get real world examples to study as they are taught techniques to identify theft, suspicious behavior, etc. and MVVC gets notified when someone has been identified stealing. Overall though, Plassman says theft has not been the issue he thought it would be. “Most people play by the rules,” said Plassman, “just like at convenience stores and other retailers.”

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Commissary staff has increased since the addition of micro markets at MVVC.

“because I know customers will be so much happier with a market.” Plus, he adds that maintenance costs go down because many issues, such as a kiosk problem, can be fixed remotely with a reboot from a cellular phone.

Promotions offer big benefits

“We do a lot of promotions,” said Jacob Plassman, micro market buyer. It helps MVVC take advantage of special offers from manufacturers as well as create excitement in the micro mar-

kets. According to Jacob, the most popular promotion is the “Buy 4 and get the 5th free”. Micro market customers must use their market card to take advantage of the program, which also helps lower cashless transaction fees and increases the information the company knows about each micro market location.

MVVC also runs promotions on social media, especially Twitter. “That creates customer enthusiasm,” said Jacob. Quarterly, Jacob will take advantage of the aggressive marketing deals USG has developed with suppliers and manufacturers. “USG facilitates the deals and promotions, and then we carry them out,” he said. “They have been very helpful.” There are always kiosk commercials running, advertising the specials and shelf danglers, which are available from USG.

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Promotions are constantly being changed and reviewed by staff in order to keep them fresh and ensuring MVVC can take full advantage of rebates and special pricing offers. Promotions also keep customers engaged in addition to keeping pricing low.

Healthy is more than lip service

MVVC has made a commitment to offering an abundance of healthy items in its micro markets, and it is paying off. Jacob notes that now there are plenty of healthier items available from larger manufacturers. PepsiCo's healthier product promotions have been very popular and many of the Dr Pepper Snapple items that fit this category work very well in the Buy 4, get the 5th free promotion. Jacob says that large manufacturers are being much more proactive with healthy items.

New vehicles help MVVC keep up with the growing micro market segment.

Just as successful as healthy snacks, is the cutting edge food made by the MVVC in-house culinary department. "We make sure the culinary staff is constantly looking for different ways to present healthy options," said Jacob. Some of the best-selling food options in MVVC micro markets are salads — with a different one presented each day — along with yogurts, fruit plates and veggie trays. While fresh and healthy ingredients tend to be more expensive, Plassman stated, "We have actually experienced less returned food. In micro markets, putting in healthy foods makes our returns go down." Each micro market is licensed to state and federal rules under a foodservice license.



Operation Profile: Maumee Valley Vending

Owner: Todd Plassman
and Robert Bostleman

No. of Employees: 90+

Micro market provider:
Avanti Markets

Annual sales: Not revealed

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Flex micro market technology

The Maumee Valley Vending staff is looking forward to seeing where micro markets take them in the future. “Hopefully we are not close to saturating the market,” said Jordan, micro market manager.

With the adaptability of the micro market design, layout, and the reporting capabilities based on data, he sees the micro market concept as being extremely flexible for large locations and small, in the long run. “I can see how it would be profitable,” Jordan said, about locations with 75 employees with the right demographics. Right now, he is aiming to keep revenues per route at least \$80,000 per month, a good average, which almost doubles many of MVVC’s vending route revenues.

“I never thought I would see anything like this in my lifetime,” said Plassman. “The growth has been unbelievable, but more importantly, our customers are very happy with the change.”

As the Plassman family looks to the future, they plan to expand their micro market segment further, as well as continue to excite customers with special promotions and create new, healthy menu options in their commissary. | ◀



On the food produced by the commissary, labels emphasize different nutritional information, especially on the unique salads presented each day.

Mixed routes: micro markets and vending

MVVC has some separate micro market routes and some mixed with vending. “Right now we create the route based on what makes sense as far as locations,” said Todd Plassman, president of the company. All his drivers are paid hourly, which allows them to pay attention to the detail that is necessary for micro markets.

MICRO MARKETS REQUIRE MORE FOCUS

Jordan Plassman, micro market manager, tells the micro market drivers that when done right, micro markets are almost harder to service. This helps them understand the difference in how they treat a vending account and a micro market account. “I tell them to look at it as though it’s their own store. It has to be clean, filled, and they need to pay attention to every detail,” he said. MVVC employee supervisors oversee the micro market service and ride with drivers regularly.

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MOVE UNICUM

Unicum presented its MOVE — a new innovative concept for the next generation of vending machines for public places — at the NAMA OneShow. The machines' key innovations include a 15 inch touchscreen, short movement detection sensors; spirals and pushers, or only spirals, or pushers; easy on demand shelving allowing sales of a wide range of products; multi-vend possibilities via basket shopping, up to 50 percent more capacity for a wider product offering; a modern design with integrated side panels for advertising, and superior ergonomic product and change delivery at hips height. All UNICUM machines have been developed with GPRS MODEM technology allowing to connect to the UONLINE bidirectional telemetry.

VendingMarketWatch.com/12206187

For more products

Visit www.VendingMarket-Watch.com/directory

Horizon Elite™ Ice Machines

FOLLETT CORP.

Follett Corporation is excited to announce the launch of its new award-winning Horizon Elite™ ice machines. Horizon Elite 1010 and 1410 series Chewblet® ice machines have a new water management design that offers foodservice operators a low cost of ownership and superior performance even in the most challenging water conditions. Horizon Elite's design dramatically reduces scale build up in ice machines and the associated costs of scale mitigation, all while remaining very water efficient.

VendingMarketWatch.com/12206163



MILKY WAY MIDNIGHT® Bar in a 2 To Go sharing size

MARS CHOCOLATE NORTH AMERICA

MILKY WAY MIDNIGHT® Bar in a 2 To Go sharing size. Every bite of a MILKY WAY MIDNIGHT® Bar offers creamy caramel and vanilla-flavored nougat coated in rich, dark chocolate. With two pieces enclosed in an innovative, resealable twist-wrap, the new 2 To Go format provides consumers with portability and portion control.

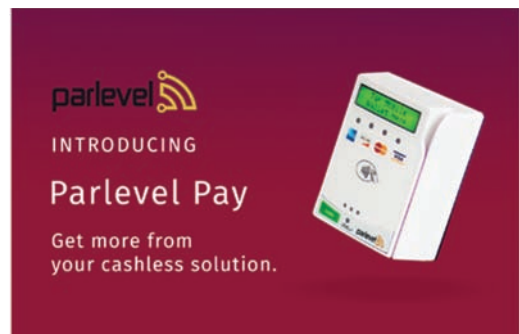
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Parlevel Pay PARLEVEL SYSTEMS

Parlevel Systems introduces its cashless payment platform, Parlevel Pay. Parlevel Pay accepts credit cards, debit cards, campus & loyalty cards, customer wallets, and mobile payments like

Apple Pay and Android Pay at vending machines and micro markets. Parlevel Pay utilizes secure gateways and daily processing that ensure cashless transactions are safe and reliable. The easy-to-use reporting system lets operators access transaction history, financial statements, deposit history, and more at the touch of a button.

VendingMarketWatch.com/12206170





PRODUCT ROUNDUP



Classic Grilled Cheese Sandwich

ADVANCEPIERRE FOODS

AdvancePierre™ Foods has added the Classic Grilled Cheese Sandwich to its Pierre brand product offerings. APF layers three full slices of American Cheese — yellow and white for an upscale appeal — between two slices of thick, grilled bread. The sandwich is wrapped in a simple brown paper package that features a susceptor lining for microwave crisping and a full-length window for customer viewing. The Classic Grilled Cheese Sandwich is sold 12 to a case and has a 14-day refrigerated and nine-month frozen shelf life.

VendingMarketWatch.com/12217617

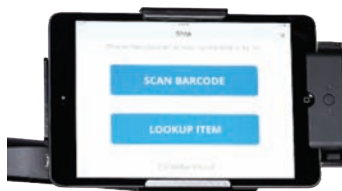


SNICKERS® Crisper

MARS CHOCOLATE NORTH AMERICA

SNICKERS® Crisper delivers crispy satisfaction with a delicious combination of crisped rice and peanuts topped with a layer of caramel and coated in creamy SNICKERS® Brand milk chocolate. Singles packs feature two pieces, each with 100 calories, allowing for a snack for now and another for later.

VendingMarketWatch.com/12218940



Yoke Payments

YOKE PAYMENTS

Yoke, an innovative self-checkout point of sale system, combines the mobile wallet and the cash register to eliminate the hassle of check-out lines and expensive hardware. Core features include remote inventory management, data collection, PCI Level 1 compliance, loyalty and rewards, evolved POS and much more.

VendingMarketWatch.com/12206274

Planters Dessert Mix

KRAFT HEINZ

Introducing Planters dessert inspired mixes, designed to create an experience similar to biting into one of your favorite desserts. They are premium sweet and salty creations that are perfect for indulgent snacking and to keep on-hand as an anytime treat. The flavor varieties include: Turtle Sundae Mix, Oatmeal Raisin Cookie Mix, and Banana Sundae Mix. Contact your Kraft Heinz Sales Representative to find more information.

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