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The Vending, Micro Market & Coffee Service Industry Resource

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LOCAL OFFERINGS DRIVE VERMONT VENDOR'S SUCCESS

Validity Vending has grown by offering customers a unique vending and micro market experience. page 28



INDUSTRY TRENDS

NAMA OneShow Highlights

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SUCCESS STORY OPERATION PROFILE

28 ▶ LOCAL OFFERINGS DRIVE SUCCESS FOR VERMONT VENDOR

Vitality Vending has grown in a challenging marketplace by offering customers a unique vending experience through local and health-focused products, investing in new machines and providing the very best in customer service.



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PLANTERS



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BLOGS, PODCASTS & VIDEOS



▶ **VIDEO: Seasonal Transitions, Less Predictable Economy Cause Operator Confidence To Drop**

www.vendingmarketwatch.com/12203432

▶ **EDITOR'S BLOG: The Case For Investing In The Breakroom**

www.vendingmarketwatch.com/12197744

▶ **SELL MORE STUFF: Breakfast All Day, Everyday**

www.vendingmarketwatch.com/12194387



▶ **BLOG: Take Photos Of Your Food**

www.vendingmarketwatch.com/12204115



▶ **VIDEO: Why Micro Markets?**

www.vendingmarketwatch.com/12204133

SPECIAL REPORT



6 Tips To Prep For An OSHA Visit

Although OSHA visits can be unexpected, they don't have to be stressful if your company is prepared.

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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, ITSL 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

DEVELOPMENT MANAGER **Debbie Dumke**

SOUTHCOMM, INC

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

SUBSCRIPTION CUSTOMER SERVICE

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

ARTICLE REPRINTS

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



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The Healthy Fad... I Mean Trend

Diet trends come and go in foodservice, but this time things are different.

I've been working in the industry for quite awhile now. When I first started, the Atkins diet was just sliding down from its peak. And as the years have gone on, other diet fads have replaced it — Glycemic Index, Paleo, Wheat Belly, etc. Looking back, VendingMarketWatch.com was reporting about schools and municipalities

eliminating soda in vending machines and turnkey healthy vending companies adding locations. In talking to longtime operators, it all seemed part of the consumer cycle and would change soon enough. I no longer think that is true, however.



PEOPLE
are being incentivized to change their eating.

Healthcare costs jump

According to a 2014 National Healthcare Expenditures Highlight Report healthcare spending increased once again in 2014 to \$9,523 per person, or \$3.0 trillion total. It continues to go up. Obesity is blamed for being a huge

part of that increase from the greater number of illnesses it is correlated with to the negative impact it has on gross domestic product (GDP) for people who can't work and need assistance paying medical bills. Bill Layden, partner at Foodminds and speaker at the NAMA OneShow in Chicago, IL, specifically brought up the role regulation is playing in requests for healthier items. Already, new dietary guidelines have been established, and they look different than the versions from past years. Layden commented that with 2/3 of the U.S. overweight or obese, it has become a serious

economic and social problem that the government is trying to address by incentivizing changes in public health.

Campaigns abound

The programs to “incentivize” are all around. We have the First Lady's ‘Let's Move’ campaign, the Food and Drug Administration requiring calorie labeling in restaurants and vending machines, the U.S. Department of Agriculture limiting the types of products that can be served in school cafeterias and vending machines, classification/identification for healthy vending products, and even a revamped NAMA FitPick. The incentives, regulations, and media coverage are pushing the issue with consumers, who are changing their tune about healthy snacks and beverages. It is moving from fad to trend to quite possibly a permanent change nationwide.

How things have changed

A few years ago, I remember the forerunners telling other operators to only offer healthy items if they were asked. That it wouldn't work if you had more than 20 percent of healthy products in a vending machine. Now, vending operators have seen growth by highlighting these products. Our success story this month is a small Vermont operator growing fast because of his healthy and locally-sourced product supply. Check out his profile on page 28.

The increased number of healthy options and indeed, the mere perception that micro markets are healthier than vending has contributed to the segment's success. On page 22, you can read about how micro market operators describe consumers' different views of micro markets, specifically in regards to healthy, and how the greater variety of products has increased per transaction sales. In the end healthy might be here to stay, but it is also an opportunity for a win-win. | ◀

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NAMA Launches New Brand At The 2016 NAMA OneShow

The NAMA OneShow, held April 12 to 15 in Chicago, IL, delivered an “electric, high-value, high-impact business growth opportunity for attendees and exhibitors alike,”

according to LyNae Schleyer, NAMA’s Vice President of Events. It also produced a new NAMA look. On Wednesday, April 13, NAMA launched a new brand during the OneShow General Session at McCormick Place Lakeside Center. The CEO of NAMA, Carla Balakgie, spoke to attendees about a number of important topics, all leading to the reveal of the association’s new look.

“This rebranding is a natural conclusion of the work we’ve been doing over the past four years,” said Balakgie. She explained that NAMA has been evolving and adapting for 80 years and this latest evolution is a new logo, tagline and message centered on the idea of convenience. “NAMA’s goal is to help the industry be seen as the first choice away from home,” Balakgie explained.

The association revealed its new website www.NAMANow.org and its new tagline, “Bringing convenience to life.” To watch the new branding introductory video that was shown during the General Session, please visit <https://youtu.be/-BY-7wJRNvo/>.



NAMA unveiled a new logo at the 2016 OneShow general session.

of Hollywood, Jacksonville, Orlando and Tampa.

Great Lakes Coca-Cola Distribution LLC, based in Rosemont, Ill., will acquire production facilities in Alsip, Ill., Niles, Ill., Detroit, Grand Rapids, Mich., Eagan, Minn., and Milwaukee.



Treat America Food Services Announces Name, Organizational Changes

▶ Treat America Food Services has announced that it will change its name to Company Kitchen, with the change to be implemented over the course of this calendar year.

The new name reflects the company’s increasing utilization of the Company Kitchen ecosystem across all its lines of business, as well as deeper operating integration with its Company Kitchen micro market operating partners. “As we invest in brand development and consumer and client engagement tools, we need a single identity that embodies our emphasis on employee benefit, health and wellness and continuous innovation,” said John Mitchell, Jr., CEO.

The corporate cafeterias the company operates will be referred to as CK Café. Company Kitchen micro markets will become CK Markets. And CK Vending, CK Coffee and CK Catering will also be under the umbrella of the Company Kitchen parent brand.

Company Kitchen also announced a reorganization of its senior leadership:

John Barnes has been named chief operating officer, and will oversee all “distribution,” (CK Vend-



New Bottler To Join U.S. Coca-Cola System

▶ The Coca-Cola Co. announced continued progress in franchising its North American bottling operations, with expanded territories for three bottlers and the addition of a new, independent bottler.

The Coca-Cola system’s newest bottler is led by Ulysses “Junior” Bridgeman, founder of a Louisville, Ky., company named Manna Inc. Bridgeman has signed a letter of intent to acquire territory from The Coca-Cola Co.

in Missouri, Illinois, Kansas and Nebraska, including the cities of St. Louis and Kansas City. Bridgeman will also acquire a production facility in Lenexa, Kan.

The new bottling company will become just the third new, independent Coca-Cola bottler in recent decades. The others are Great Lakes Coca-Cola Distribution LLC and Coca-Cola Beverages Florida LLC.

Coca-Cola of Northern New England has signed a letter of intent to take on additional territory from The Coca-Cola Co.

Bedford, N.H.-based CCNNE expects to acquire territory throughout New England. The territory covers

several major cities, including Boston, Providence, R.I., and Hartford, Conn. CCNNE will acquire production facilities in Needham Heights, Mass., and Hartford.

Coca-Cola also announced four other new letters of intent:

Corinth Coca-Cola Bottling Works, Inc., based in Corinth, Miss., will acquire additional territory in Missouri and Arkansas.

Coca-Cola of Durango-Farmington, based in Durango, Colo., plans to acquire territory in Gallup, N.M.

Coca-Cola Beverages Florida, based in Tampa, Fla., will acquire production facilities in the Florida cities

ing) “on-site” (CK Café) and “operator partner” (CK Market) business.

Jim Mitchell is now chief information officer, overseeing software engineering and IT support as well as analytics.

Bill Pellien is now chief customer officer, leading all sales and marketing activities.

NY Vending Company Featured In Movie

▶ Champion Vending, a provider of vending and pantry services to the New York market, is starring in a blockbuster movie “Demolition” that was released April 8th and has a cast of big name stars including Jake Gyllenhaal and Naomi Watts.

A portion of the movie was shot at Champion’s corporate offices and the company is featured 78 different times in the movie. “We at Champion pride ourselves in the way we represent our company and our attention to detail,” said William Mandile, president of Champion Vending. “I am glad to see that this movie will encapsulate Champion Vending forever.”

PepsiCo To Reportedly Move Focus Away From Colas

▶ According to PepsiCo CEO Indra Nooyi, the company will move away from colas and focus on “guilt-free” product lines such as diet beverages and low-in-sodium snacks, reports FoodBev. The move is part of a wider effort to reduce PepsiCo’s reliance on colas.

In a conference call Nooyi stated, “We’ve been future-proofing our product

portfolio, reshaping it to capitalize on consumers’ increasing interest in health and wellness.” Guilt-free products account for approximately 45 percent of PepsiCo’s portfolio, Nooyi went on to say.

The company is increasing its out-of-home availability of its nutrition products through placement of more than 20,000 Hello Goodness vending machines across North America.



Vagabond Expands VMS Network To Include Seed Cashless

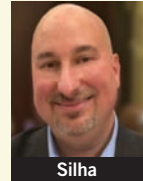
▶ Vagabond Vending has announced a new integration with Seed Cashless™ from Cantaloupe Systems. Operators can now connect their machines to Vagabond’s network using Cantaloupe’s Seed Cashless devices to provide telemetry data in addition to any Vagabond Insight or other telemetry devices they may already own.

Fastenal Places More Than 56,000 Industrial Vending Machines

▶ Fastenal Company of Winona, MN recently reported the results of the quarter ended March 31, 2016. The company reported a continued increase in industrial vending machine placements. Since the first quarter of 2015, the number of installed devices has grown 17.2 percent. Fastenal has recognized the growth potential of vending machines and continues to put resources in place to grow that segment.

People in the News

Industry Welcomes Back Steve Silha



Vivreau is pleased to announce Steve Silha as vice president of business development in North America. Silha’s career spans from managing local vending distribution with CSI in Chicago to working in the Coffee and Espresso Category with OCS and Foodservice at Sara Lee and Lavazza Premium Coffee. For Vivreau, he will focus on building their North American distribution network.

Pinnacle Foods Inc. Names Mark A. Clouse Chief Executive Officer

Pinnacle Foods Inc. announced that its board of directors has named Mark A. Clouse as the company’s new CEO, effective May 23, 2016, replacing Bob Gamgort, who is leaving the company at the end of this month. Clouse is currently chief commercial officer at Mondelez International, Inc., where he has held a broad range of leadership positions during his 20-year tenure at Kraft Foods Inc. and the subsequent spin-off of Mondelez.

Anne Fink Named President, Global Foodservice For PepsiCo



Anne Fink has been named president, Global Foodservice for PepsiCo overseeing sales, marketing, strategy and operations for PepsiCo’s North American and Global Foodservice channels which include restaurants, workplace, lodging, recreation, retail, colleges & universities and theatres. Fink previously served as the chief operating officer, PepsiCo North America Foodservice.

Michigan Congressman Dave Trott Visits 365 Retail Markets

Michigan Congressman Dave Trott (R-11th Dist.) visited 365 Retail Markets in Troy, MI. During his visit, Congressman Trott met with 365 Retail Markets CEO Joe Hessling, NAMA GA Committee Chair Jeff Smith, NAMA SVP of Government Affairs Eric Dell and 365’s employees. He participated in a briefing and tour to meet the company’s employees and obtained a first-hand view of their operations and the industry. This meeting was a result of a relationship created during the 2015 DC Fly-In. “It was an honor to have Congressman Trott visit 365 and see our operation first-hand,” Hessling said.

General Mills Announces 2016 Vending Broker Of The Year Awards

General Mills Inc. announced its 2016 Vending East and West Regions Convenience Special Markets Brokers of the Year award recipients during the NAMA OneShow in Chicago.

Accepting the awards were Tom Ganley of BBI Pacific and Kevin Boland of BBI Southeast.

The award criteria reflect General Mills core Sales Competencies, which include: Delivering Outstanding Results, Playing to Win, Customer Expertise, Selling and Influencing, Adaptability and Resilience, and Winning as a Team. General Mills recognized Ganley and Boland, supported by their individual teams, for demonstrating “Best in Class” broker characteristics and results.



Tom Ganley, BBI Pacific, accepts the General Mills West Region Broker of the Year honor.

Driven to succeed

Cyndi Brodt, General Mills East Region Sales Manager, praised Boland for demonstrating a strong bias for action, delivering on commitments and adding value from his expertise in the vending industry. Mark Kelley, General Mills West Region Sales Manager, noted that BBI Pacific’s leader, Ganley, displayed remarkable calm while undertaking what for others might have been insurmountable challenges.

Led by event co-chairs and vending operators Jeff Smith of All Star Services and Todd Elliott of Tomdra, the NAMA Fly-In invites all industry members to attend and make your voice heard on Capitol Hill with your Senators and Members of Congress. “Currently, the Fly-In registration stands at nearly 165 registered attendees representing 31 states and the District of Columbia,” said Eric Dell, NAMA SVP of Government Affairs. “With two and a half months until the event, we anticipate that participation will dramatically increase, far surpassing last year’s levels.” To view a list of this year’s captains, visit www.vendingmarketwatch.com/news/12200131.

CMS Announces Launch Of MarketConnect, New VendMAX Micro Market Integration Service

▶ Crane Merchandising Systems announced the launch of Streamware’s MarketConnect, a new micro market integration service that enables the efficient management of an operator’s micro market line of business in VendMAX.

“Operators are experiencing pain points managing their businesses with disconnected processes for vending and micro markets. Manual workarounds are labor intensive and create significant inefficiencies,” said Silpa Pande, Global Product Manager for Vending Management Solutions. “MarketConnect seamlessly integrates micro markets into the operator’s business – both from an operations and reporting standpoint.”

CALENDAR OF EVENTS

JUNE 17-19

New England Spring Meeting
Samoset Resort
Rockport, ME
Phone: 571-346-1901
www.massvending.org

JUNE 22-23

USG 2016 Summer Seminar
Marriott Renaissance Chicago
North Shore Hotel
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JULY 12-13

NAMA Fly-In
Capitol Hill, Marriott Marquis
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www.namaflyin.org

AUG. 9-11

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



NAMA Announces Captains For 2016 Washington, D.C. Fly-In

▶ NAMA’s Government Affairs Division is excited to announce the industry leaders who will serve as “Captains” for the second annual industry-wide Washington, D.C. advocacy event – NAMA Takes the Hill 2016, taking place July 12-13, 2016.

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Millennials Drive Consumer Shift To Espresso-Based Beverages

OCS operators will be challenged to provide both gourmet and traditional coffee options in the workplace.

*By Adrienne Zimmer,
Managing Editor*

Consumers are moving to espresso-based beverages and it's the younger generations driving this shift, according to new research published by the National Coffee Association (NCA). In its recent National Coffee Drinking Trends report, the NCA found that daily consumption of espresso-based beverages has tripled since 2008.

Labels

The NCA labels gourmet coffee beverages as espresso-based beverages, iced/frozen blended coffee and traditional coffee brewed from premium beans.

Move to mochas

In the last eight years, past-day consumption of coffee beverages labeled “gourmet” soared from just 13 percent to 36 percent among consumers 18 to 24. For older Millennials — those ages 25 to 39 — gourmet coffee beverage consumption increased from 19 percent in 2008 to 41 percent this year. This group is also most likely to drink gourmet coffee beverages weekly.

Espresso-based beverage consumption tends to skew younger, with 44 percent of 18 to 24 year olds and 50 percent of 25 to 39 year olds drinking espresso-based beverages within the last week. This compares to just 26 percent of 40 to 59 year olds and 19 percent of consumers 60 and above. For operators, that means offering brewers and coffee options that fit this growing demand for gourmet beverages.

Millennials and younger consumers aren't just driving a trend to *gourmet* coffee beverages — coffee consumption in general is up for younger generations. Daily coffee consumption among 18 to 24 year olds has doubled since 2000, from 25 percent to nearly 50 percent. For those 25 to 39, daily coffee consumption increased from 42 percent in 2000 to 60 percent in 2016.

The study found that consumers in general are more apt to explore new coffee types. Throughout the last year, 8 percent of survey respondents said they tried flat white while 10 percent tried nitrogen carbonated coffee



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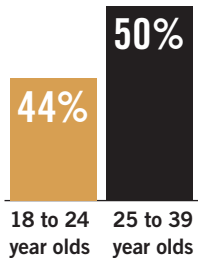


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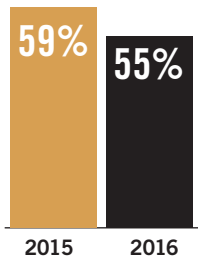
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Have consumed an espresso-based beverage within the last week



Drip coffee maker placement



Millennial professionals are driving consumption of espresso-based beverages.

and 15 percent claim to have tried cold brew coffee. Many OCS operators have recognized this trend and have responded with bottled or cold brew keg offerings in locations.

Single-cup continues to grow

Single-cup brewing is still a growing coffee preparation method both

at home and at work. In 2016, 33 percent of those who have a workplace coffee area have a single-cup machine, according to NCA data. This compares to just 30 percent in 2014-2015. This could be due to consumer preferences for customization and the ‘premium’ coffee options single-cup offers.

Methodology

The National Coffee Association conducted the National Coffee Drinking Trends Report in January 2016.

The study engages a nationally representative sample of about 3,000 people 18 and older. Respondents are selected from an online panel with ethnic breakouts aligned proportionately with the makeup of the U.S. population. Respondents complete the survey online in English or Spanish at their choosing.

While single-cup brewing methods are increasing, drip coffee makers are in decline. In the workplace, drip coffee maker placement dropped from 59 percent in 2015 to 55 percent in 2016.

Good news for operators is that coffee preparation out-of-home is up in 2016, with 34 percent of consumers drinking the beverage away-from-home compared to 30 percent in 2015. Like gourmet beverage consumption, out-of-home coffee consumption is driven by younger consumers. In fact, around 50 percent of consumers ages 18 to 39 who drank coffee yesterday drank it out-of-home.

Appeal to the masses

As more Millennials and younger generations of employees enter the workforce, it will be up to operators to offer an office coffee service solution that fits consumption trends of each generation. While Millennials are shown to prefer gourmet options, operators cannot dismiss traditional coffee. This could mean offering a bean-to-cup or other single-cup option so the consumer can choose between a traditional cup of joe or an espresso-based option. | ◀

Coffee additives

The NCA is witnessing new niche coffee whitening options driven by younger consumers. Although a small number, some past-day coffee drinkers are adding non-dairy milk to their coffee, such as almond, coconut and soy options. Specifically, 7 percent of consumers 18 to 24 and 9 percent of coffee drinkers 25 to 39 added non-dairy milk to their past-day coffee. Non-dairy milk options may be a way to gain a competitive advantage.

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How Water Service Measures Up In The Vending Industry

By Emily Refermat, Editor

With the many water filtration options, operators are transitioning customers to POU systems that offer similar water and corporate wellness benefits for less money and pollution.

Water service is on the rise. It has been in the top 5 new services added by vending, micro market and OCS providers over the past several years and represents 2 percent of overall revenue for vending operators. The revenue number increases to nearly 5 percent for OCS focused operations, a number reported in the 2015 State of the Vending Industry report, and one that has been rising.

With the culmination of numerous consumer trends, forward-looking operators feel the market is prime for water service. The growing

awareness and advocacy in providing healthier refreshment options has driven water sales in many locations. Water is considered the healthiest beverage, and with the addition of carbonation and flavors, can be a corporate wellness driven employee benefit in the breakroom.

Water can be healthy and green

Jim Carbone, COO of WORKWELL Food and Beverage, a Chicago, IL-based vending, micro market and OCS provider for over 10 years, has experienced tremendous growth of systems

that bring filtered and premium water to the workplace. “The movement towards ‘healthy’ has contributed to this [water service growth],” Carbone said. “As well as companies looking to protect our environment.”

By utilizing water filtration systems also known as point-of-use (POU) water systems, rather than 5 gallon water coolers, operators have been able to meet the need for corporate sustainability. Filters eliminate single-serve plastic water bottles being disposed of in landfills and reduce pollution associated with vehicles transporting the heavy bottled water. “Many businesses these days... are giving their employees reusable water bottles or cups and offering high quality water filtration systems,” Carbone added.

“We have generally seen point-of-use water coolers as a growing



The water cooler is coming back, but with filtration and sparkling options.

Break into water with some homework

Here are some best practices before pitching water service to a location.

- Call the local water municipality and get a report on the water.
- Determine use: brewer, drinking water, premium beverage offering, etc.
- Determine three price point presentations, including filtration and frequency of filter changes.

trend,” said Gianpaolo “GP” Macerola of Rome Refreshment Services, based in Houston, TX. It’s been an

expanding segment for Macerola for the last five to seven years. Filtered water coolers have been very successful for Rome, which only offers the 5 gallon water and coolers to customers who need it due to the area. “The only places we have it [5 gallon water service] is at locations that have contaminated water sources (well water) and locations that are very spread out in an open outside area where access to water sources are scarce,” said Macerola.

Water is trending

The International Bottled Water Association (IBWA) is claiming huge volume increases in water consumption by consumers. It measures PET and 5 gallon water sales across the United States. The segment has been steadily rising since it recovered from the Great Recession. In the IBWA 2013

bottled water sales report, the volume exceeded 10 billion gallons, a first. It is the second largest beverage category by volume. The report also notes that soft drinks continue to decline.

While water consumption and the number of workplaces opting to offer water service as a benefit to employees have increased, there is still much variety in how the services are delivered, and specifically what services sell.

“We utilize the ‘shotgun’ approach to water filtration,” said Macerola, with Texas flair. “We have two base levels for filtration, and then we have two add-ons depending on what [the location] is willing to pay for.” To compete in the Texas market, Rome Refreshment even invested in extra licensing. “Our company is licensed by our state’s licensing committee — meaning we are on par with companies like Culligan when it comes to our ability to filter water,” explained Macerola.

Rome Refreshment primarily uses small pore filters for plumbed in applications. “The chlorine already kills practically all organic matter,” said Macerola. Adding that with the small size pores now available on filters (microns for regular and angstroms for reverse osmosis), Macerola is confident it delivers a fresh tasting, pure water.

Up in the Midwest, Joel Sather, president of Capital Coffee in McFarland, WI, has been almost exclusively using UV water filtration coolers. “We think they are the best machines to satisfy our customers,” he said. These coolers are attached to the water line, use a traditional filter, but then also include an internal UV lamp to sanitize and reduce bacteria growth in the water. Capital Coffee leases the water coolers by the month to locations, and charges a small fee to change the filters twice a year.

Sather sees the increase in interest in point-of-use water coolers as a culmination of a number of benefits. “People care more about pure

clean water. And point of use is better for the planet. No bottles made from petroleum, no delivery trucks. No water bottle storage hassles. No changing the bottle issues,” he added.

Sparkling can be a plus

Sather doesn't have much interest in sparkling water from locations in his area, but not far away in Chicago, Carbone has plenty of takers. “We are definitely leasing more systems with sparkling as an option,” he said. With these systems, WORKWELL sells syrups so employees and customers can create hand crafted sodas and flavored waters. The water for the sparkling options is filtered, but not distilled or sent through reverse osmosis. “As for RO [reverse osmosis] and higher quality water filtration, we use these to complement our high quality coffee equipment more than for drinking water, especially in the Chicagoland area,” Carbone said. In cases where the company has a problem with healthy drinking water, then WORKWELL will offer these more premium filtration systems if desired. For most units, WORKWELL charges a monthly rental fee as well as fee for filter changes.

There have been several systems introduced to meet the sparkling water demand. One was launched at the NAMA OneShow by a long-time coffee brewer manufacturer. The BUNN Refresh, a still and sparkling water unit, captures the spirit of BUNN's new logo and brand image of transforming water.

“The BUNN Refresh gives consumers the ability to have that clean refreshing water experience,” said Karalynn McDermott, senior vice president, market development at BUNN. The company introduced the machine because of the trends in hydration and being on point with the desire for healthier beverages. The system is plumbed into a water line, the water is filtered and then it can be enjoyed still or carbonated with

4 types of water treatment

Distillation – Water is boiled into a steam, collected and then cooled, sometimes a number of times, essentially removing all dissolved particles. This is rarely used in a workplace, but some bottled water has been distilled.

Filtration (Carbon, etc.) – Water passes through a water filter full of loose media or filter contained as a cartridge to remove turbidity, poor taste, color, iron or odor from water.

Reverse osmosis (RO) – The process where water is forced through a semi-permeable membrane. The pressure forces the water through, but bars dissolved ions and other materials from also passing through.

Ultraviolet (UV) – Water is subjected to UV light from a special bulb with a frequency near 254 nanometers. The UV kills micro-organisms in the water.



Employers are offering more refillable water options.

an inline mistifier, which creates long lasting sparkling waters.

“This type of inline water mistifier also does an optimal job of absorbing flavors,” said McDermott. “We’ve seen companies use real fruit, herbs or flavor drops.” The BUNN Refresh is commercial grade and can deliver a high capacity of water on demand. “The countertop unit can deliver 5.6 gallons of water per hour before the temperature gets above 41 degrees,” explained McDermott. “The tower model delivers 11.25 gallons per hour.”

POU offers cost savings

Water filtration services can also be used as a cost saving tool when busi-

nesses are looking for ways to cut costs. “Being in the oil and gas fields, Houston has seen a lot of cutbacks recently,” explained Macerola. “POU water coolers have helped us keep customers by proactively showing them ways to cut costs through water.” He recently shared an example of how Rome Refreshment Services approached a customer hit hard by the low oil prices. They spent roughly \$25,000 per year on 5 gallon water coolers. With a water filtration system, the company could still offer pure, clean water for just \$5,000 or \$10,000, depending on the filtration used.

There are numerous advantages to water filtration. With the variety of quality filters available that can eliminate impurities, chlorine or just improve taste, it's a flexible option that can fit the needs of many locations. With the addition of carbonation, flavoring and more advanced options, it can be a premium service offering for locations searching for the new and different benefit. Most operators try to lease the equipment to the location, and then charge for filter changes, although this varies by region as well. No matter the specifics, water service is a worthy addition to sell in the next year as the trends move even more towards healthy, sustainable and transparent business practices. | ◀

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View From The Micro Market Trenches

By Emily Refermat, Editor

At NAMA OneShow operators shared real-world micro market experiences, from the better consumer perception to difficulty with proper scaling during growth.

With more product choices than vending, convenient payment options and 24/7 availability, it's easy to see why customers love micro markets. The higher per transaction amounts and overall revenue dollar growth mean operators do too. The somewhat rapid integration of micro markets into workplace dining has been called a "land grab" and many believe we are not yet at the saturation point. However, with any successful new segment, challenges arise, as well as unexpected opportunities. We invited several operators actively growing this area

of their business to a private roundtable sponsored by Mondelez International to share views from the trenches. These operators brought up a broad range of topics. Some of the positives were the perception of micro markets among locations and consumers, which helped push up the amount spent per transaction. On the other side, while locations are clamoring for this new and convenient workplace refreshment service, expanding a new segment of business comes with growing pains in waste, backend inefficiencies and trying to integrate different technology platforms.

Perception is everything

No matter what the micro market has in it, customers perceive it as healthy. That was echoed by many of the micro market operators including a Florida vendor with 30 micro markets. "No matter what you put in the micro market, consumers perceive the overall market as healthy," said Lynne Plante from Florida Fresh Vending and Micro Markets in central Florida. It's not that there aren't healthy items, but there are also indulgent items in the micro

markets. It's just such a difference between how the customer thinks of micro markets and how they think of vending.



HEALTHY CHOICES



FRESH SELECTION



BRIGHT SIGNAGE



INNOVATIVE TECHNOLOGY

“We’re five years into micro markets. We shouldn’t know it all by now.”

Dick Hanson, Buffalo Rock

“No matter what you put in the micro market, consumers perceive the overall market as healthy.”

Lynne Plante, Florida Fresh Vending and Micro Markets

Plante has also now seen the transition from having to explain the micro market concept to potential locations to getting calls asking for it. “Before we would go out and try to sell a market and people didn’t know what it was, you’d have to convince them,” said Plante. “Now we are getting the calls asking for a market.” And they want them fast.

Scaling is paramount

Placing new micro markets means greater revenue potential, but only if a company can grow without increasing inefficiencies or is unable to meet its service demands. This is something Dick Hanson of Buffalo Rock in Birmingham, AL, has experienced firsthand. “Last year, we grew about 128 percent in markets,” said Hanson. “That was almost too fast. We had to slow down and just get our arms around the growth as well as make sure our SOPs (standard operating procedures) are in place.” One of the challenges for Buffalo Rock is how spread out its locations are. The long distances puts more pressure on servicing at just the right time to eliminate empty shelves and coolers while eliminating unnecessary delivery costs such as gas, vehicle wear and tear, and driver time.

“It makes it a bit more difficult,” said Hanson, but he isn’t willing to give up. “Vending has been around since the 1800s. It took us that long to get vending right,” he joked. “Now we’re 5 years into the micro markets. We shouldn’t know it all by now.”

Devin Smith of All Star Services in Port Huron, MI, has a similar issue. “We operate through pretty much 38 counties throughout the state of Michigan, including a lot of rocks, sticks, trees and squirrels,” Smith joked. “We have a big geographic area, so scaling the business is a huge concern for us, breeding those efficiencies.” And the place to start for Smith is an integrated backend.

Smith has begun looking at technology providers who can combine all the reporting and data entry into a single place to avoid having to both train employees on multiple systems and duplicate product entry.

“We want one control database to run our backend software. I don’t want to have to train all the staff to run reporting on this, then this and then this over here. Who knows if it all matches up?” stated Smith. Instead, he wants one backend database VMS where he can run all financial reporting, product accountability, and warehousing functions. “That’s what we need,” he finished.

Tom Konop, from the Konop Companies with several dozen micro markets in the Green Bay, WI, area, agreed. “I worry a lot about the backend. The warehouse, the routing — that they’re done properly, because we’ve always done everything properly in our company.”

In an effort to find the best efficiencies Konop is going against the common practice of separating micro market and vending routes. “We are splitting up our micro market routes onto our existing vending routes,” said Konop. He feels like he already has quality route personnel going out, and if the micro market is within a few mile radius, combining them makes more sense than to send another vehicle out 5 miles here, 10 miles to the next and so forth. There just needs to be some additional training.

“We almost HAVE to combine routes,” said Konop. “The idea of a separate micro market route is a great concept, but just economically and financially we cannot do that.”

Konop is also looking carefully at what type of staff this combined route system and increasing micro market segment need. How many people need to be on staff to do a micro market reset, marketing and inventory? Is it full time people or part time? Konop considers the answers part of the learning curve. “The sales are there, but the question is how do we fix the backend to make it efficient so we can make a living?” he added.

Perfect the product mix

Besides being used to scale operations, the data and reports that micro market systems offer are invaluable to customize the product mix to a location — something that is more important in micro markets than in vending.

Craig Cordaro with CRH Catering has a wide reaching customer base in both distance as well as

“I worry a lot about the backend; the warehouse, the routing — that they are all done properly.”

Tom Konop, The Konop Companies



tastes, which has made the micro market report indispensable. “It’s tough with the different demands in different regions,” he said. “We have run reports and can see that some of the bestselling items in our Allentown division will not produce a single sale in Norfolk. What’s moving in corporate locations in Pittsburgh will not move in our Altoona division, in central Pennsylvania,” he explained. Vending was different. The products were selling regardless of area. The challenge for Cordaro is both having a greater amount of product moving through his warehouses to meet individual location likes as well as maximizing his product rebates with large orders.

“What’s moving in corporate locations in Pittsburgh will not move in our Altoona division, in central Pennsylvania.”

Craig Cordaro, CRH Catering

Ryan Harrington from Royal Vending in Portland, OR, finds the product mix can’t even be predicted by the type of account, but is very different everywhere. “It’s not only location specific. We’ll have a call center with 200 people here, across the street another call center and they’ll buy completely different items. Also 4 months later you have some turnover and it’s completely different again,” he added.

“We have a big geographic area, so scaling the business is a huge concern for us, breeding those efficiencies.”

Devin Smith, All Star Services

Why Micro Markets Are Not C-stores

Micro markets are often described as mini convenience stores, both to locations and others. Indeed, there are certainly more similarities between a micro market and c-store than say, a vending machine, but experienced operators know that micro markets and c-stores are not one in the same.

REPEAT CUSTOMER

Devin Smith of All Star Services explains that one primary difference is that c-stores are selling 3 hour products. “People are not going back to a c-store later in the day to get another Mountain Dew or bag of chips,” said Smith. “They go once a day.” Micro markets, on the other hand, are selling 15-minute products, according to Smith. “For us, the micro market consumer comes in to buy chips and a pop. They come back later that day and buy a sandwich. Come back later that afternoon and buy a Starbucks Frappuccino or something. It’s

all about the repeat buy.” That is why Smith believes micro markets have their own gray area in the middle. “We’re not really vending, we’re not really a convenience store.”

QUICK EATS

Ryan Harrington of Royal Vending sees his micro market customers really indulging in ‘eat now’ type items over convenience store items. “We still are providing convenience and the grab and go. People want something right now, because it’s there, and they want to eat it right then.” For him some more c-store type items, like big bag snacks, haven’t sold well in micro markets.

REGIONAL TASTES

Convenience store category sales data is another gray area that is sometimes helpful and sometimes not for micro market operators. Dick Hanson of Buffalo Rock said, “In my area, the number one seller in micro markets is Moun-

tain Dew.” Hanson wonders if that is the case everywhere or like his vending sales it varies in different regions. Because of this, Hanson needs c-store data on items in his area, which has been hard to get.

CUSTOMIZED ITEMS

Smith agrees, but believes the data mining has to go even deeper – into the variation in location types and people. “You can go to a convenience store across the street and it’s the same products. After 60-90 days, you will find the same ones.” In an All Star micro market, on the other hand, the space is re-merchandised completely based on sales. “We’re providing you a tailored mix based on purchase patterns. If Mountain Dew is what sells, we’ll put a whole door of Mountain Dew in there. If it’s Wheat Thins Veggie Toasted Chips or an expansion of that selection, those are the things we add. We learn and change a lot in that 60-90 day window.”

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1. Ipsos, brand health tracker, Q3 2014
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Konop sees the same in his area and even in vending. “We used to have the same people working at a plant or other location for a long time. Now, with the way our society is, new people are constantly being hired,” explained Konop. He usually realizes something has happened when a specific item, such as a beverage, was a great seller and suddenly stops moving. It’s all about utilizing the reports.

Reports show the facts

The micro market sales reports are also something Plante takes very seriously. “One of our drivers loves to come in and say, ‘Oh this product has really increased. I need to add another row.’ I say, ‘Okay let me run a report, so we have good information to substantiate that,’” explained Plante. “Whenever I do that, it never fails that it was just a little lift.”

Most of the operators don’t allow micro market drivers to dictate product choices, or even managers in the warehouse. Instead the authorization to change products in the micro market planogram is strictly controlled by a few individuals with access to the reporting. Reports were also viewed at least daily by most operators.

Smith was one operator who admitted he is viewing reports multiple times a day and again after his kids go to bed, and it’s not just product sales data. “I’m also looking at cancel reports, looking for possible theft. I’m looking at inventory balances, particularly for scheduling. Monday, Wednesday, Friday. Is that enough? Do we need to add a day, pull out a day?” said Smith. He doesn’t want to be over-servicing or under-servicing any micro market account, but hit that happy medium. With a VMS, Smith has been able to accomplish that in vending, but it has been harder with micro markets as it’s still so new, and the product sales mix changes.

“When we pull out vending, and put in the market, we’ve seen an aver-



How can you keep a micro market looking good all day?

Because micro markets have such a different perception, Tom Konop of The Konop Companies, can usually find someone on location to be an advocate of the micro market. “We’ve got to get them engaged and aware of the fact that this is their market. They’re invested in the market and want to prove to their supervisor that this is the greatest thing. It makes employees happy.” Therefore, Konop names this person the micro market ambassador and asks them to go in and straighten products, face shelves, fluff bags, etc. on the days his personnel are not servicing the account. “It doesn’t take them that long,” said Konop. “They’re down in the breakroom anyway and are usually willing to assist.”

“We’ll have a call center with 200 people here, [then] across the street another call center and they’ll buy completely different items.”

Ryan Harrington, Royal Vending

age lift of 66 percent,” said Smith, “but we’re also seeing the purchased product categories change. In traditional vending, the food is doing 8-10 percent, now it’s doing 33 percent.” Beverages, snacks, candy, etc. they all seem to change in share of micro market sales revenue when compared to vending. “My percent margins are down, but my dollar margins are up,” added Smith explaining it further. “You’re trying to find the right mix of items.”

A good balance of products is important and a difficult thing to guess across locations. With a wide variety of micro markets in different demographics, Hanson has seen some trends. Depending on how the

account is set up and the demographics of the employees, what sells will be different. “There are so many days that are different, you cannot throw a blanket over it and say ‘this is my plan.’ It doesn’t work that way because in 60 days you’re changing everything out,” he added. Hanson speaks from experience. He has had to remove product and reconfigure micro markets because the initial installation didn’t match the location needs.

Micro markets are poised for continued growth as operators continue to enhance them. Utilizing reports will make them even better merchandised retail destinations for employees. | ◀

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LOCAL OFFERINGS DRIVE SUCCESS FOR VERMONT VENDOR

By Adrienne Zimmer, Managing Editor

Vitality Vending has grown in a challenging marketplace by offering customers a unique vending experience through local and health-focused products, investing in new machines and providing the very best in customer service.

Vitality Vending is doing a lot to change the face of vending, one location at a time. The small, 5-year-old vending company located in Essex Junction, VT, focuses on each individual location's needs. The planograms for each vending machine change frequently based on what the account is purchasing and what new items Brent Farrell, Vitality Vending's owner, has brought in to try. In order to provide the best vending experience for the customer, the company only places new machines with the latest technology that accepts all payment forms. And if a customer has a problem with a machine, they deal directly with Farrell to resolve the issue.

But what really makes Vitality Vending stand out amongst the competition is its deep-rooted commitment to offering local, healthy products to consumers. "We created and are providing a service that has always been in demand but was not offered anywhere else," said Farrell. Since it began five years ago, Vitality Vending has grown to 75 machines and doesn't plan to stop anytime soon — the company will soon expand to a larger warehouse and is looking to significantly grow with more locations and machines this summer.

Hospitality focused

When Farrell first got into vending five years ago, he brought with him one of the most important aspects of the trade: top notch customer service. Farrell began his career in the hospitality industry, working in all aspects of the hotel business from bellman to assistant general manager and human resources director. "What I gained from decades in the hospitality business is that anyone can make a bed and rent it," said Farrell. "But it's how you do it and how you treat people that set you apart."

It's that level of service that Farrell brought to vending when he placed his first machines in March of 2011.

Greg Blunt (left) and Brent Farrell believe in offering customers a unique experience.

The transition from hospitality to vending came by way of a friend who introduced him to a website for franchised healthy vending machines. Farrell was intrigued by the concept and signed a contract for 30 machines. "I knew that if healthy vending could work in other places in the U.S. it could certainly work in Vermont where consumers are conscientious

“I knew that if healthy vending could work in other places in the U.S. it could certainly work in Vermont where consumers are conscientious of what they eat.”

Brent Farrell, owner, Vitality Vending

of what they eat." After just one year Farrell had placed all 30 vending machines under the healthy vending franchise, and found he really enjoyed the vending business.

Today, Vitality Vending has 75 machines, but has transitioned away from the healthy vending franchise and instead operates under the Vitality Vending umbrella. "I found that I could have a bigger voice with my own brand and offer more local items as well," he said.

The company had continued to grow so much that about a year ago Farrell brought on business partner Greg Blunt, a former colleague, to help operate the company. "I needed someone who was capable and could help develop the business," said Farrell. "We both have our own strengths and that's what makes us a great team."

Doing it differently

Vitality Vending's focus has, since day one, been on providing customers a unique vending experience. One of the first ways Vitality does that is by placing local, healthy items in all vending machines. The reason Vitality Vending has been so successful, says Farrell, is that Vermont locations have been looking for a *different* option and no one else has been providing one. "There has been a big farm to table movement here in Vermont for the last 20 years or so," said

Farrell. "And it was important to me when I started to provide options that fit that movement."

Some of Vitality Vending's top-selling local items include Cabot cheese, a .7 ounce snack bar of cheddar cheese; Cold Hollow Apple Cider; Vermont Smoke & Cure meat sticks; and Green Mountain Creamery Greek yogurt to name a few. Farrell is constantly on the lookout for new, local products to add to the lineup. "I recently found a local hard cider brewery that just



Industry activism

In order to get things done, Farrell takes it upon himself to get involved. Since his entrance into the industry, Farrell has participated actively in many legislative aspects in the state of Vermont. In 2013, Farrell testified before the Senate Finance Committee regarding H.528, a bill that would have created a disparate and unfair “meals” tax on items sold in vending machines. In 2015 Farrell testified once again in front of Vermont’s Senate Finance Committee, in opposition to H.489 which subjected items sold from vending machines to a 9 percent meals tax. The law ultimately passed and took effect in July 2015.

In March 2016, Farrell and Vitality Vending helped the Vermont Vending Association host a successful first annual VVA Legislative Day at the Vermont State Capitol.

The Vermont Vending Association (VVA) hosted its first annual VVA Legislative Day on March 24, 2016 at the Vermont State Capitol in Montpelier, VT. Pictured from left to right: Eric Dell, Scott Allan, Glen Randall (VVA President), Brent Farrell, Greg Blunt and Ed Wilson.

started making a sparkling cider and I decided to pick up five cases and will introduce the product as an alternative to tea,” he said.

Despite its focus on local items, Vitality Vending doesn’t shy away from traditional products. “It’s important that we are willing and able to do it all — whatever the customer wants,” said Farrell.

Vitality Vending has been able to compete by catering to each location’s needs and wants. “In one college location we aren’t the only vendor,” said Farrell. “But we have been able to compete, even with higher prices, because of what’s

inside the machine. Customers really care about that.”

Farrell believes that being flexible and conscientious of customer eating trends has helped Vitality Vending thrive. “It all comes down to customer service and offering the consumer a product that they didn’t know they wanted,” said Farrell.

Customization through planogramming

As a small operation, Vitality Vending can put the attention and focus on each of its locations’ wants and needs, which makes it stand apart from its competition, says Farrell. All of

Vitality Vending’s machines are planogrammed individually for the location. “I don’t just throw items in the machine because the manufacturer is having a special,” he commented. “Everything in the machine is location specific, down to the flavors.”

Vitality changes the planogram based on what is selling and what isn’t. “For example if we are moving into an office of 50 to 100 people, we start with a mix of items and if, after a few weeks something isn’t selling we take it out and let the location know. We aren’t married to a specific planogram or product offering.” Individual planogramming is

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part of Vitality’s customer service commitment, said Farrell. When he goes into a location to restock the machines, he and the location contact or customer will oftentimes discuss the current offerings.

It’s not just about offering a great product and creating a specific program, said Farrell. Service is also about prioritizing the location. “Anyone can offer the machines and products that we do,” he said. “But great customer service makes the entire difference. When you can walk into a location and know the names of the employees, that makes a difference. When a machine goes down and they see I’m there fixing it, that makes a difference.”

Farrell admits that with growth he will have to work harder to keep the same level of hospitality Vitality is providing right now. “We are invested in the company, it’s not just a job for us — it’s what we do.”

Technology for the business and customer

To make the customer’s vending experience unique, Vitality Vending focuses on what’s outside of the machine as well as what’s on the inside. Farrell made it a priority to purchase new machines from AMS so that there are less maintenance issues now and in the long run. “Combo machines allow me to offer both food and beverage and I have had great success with AMS, so it has been a win-win,” said Farrell. “The machines are all latest generation — they are plug-and-play so I just put them in place and they are ready to go.”

Farrell also believes that owning his own machines has allowed him more freedom when it comes to product offerings, which in turn benefit the customer. “We aren’t beholden to anyone,” he said. “We want to be autonomous.”

Vitality Vending made it a priority to offer all payment methods



Brent Farrell provides his customers with new machines that accept multiple ways to pay.

Entry into micro markets

Brent Farrell, president of Essex Junction, VT-based Vitality Vending, got into micro markets by accident. An old competitor had purchased an Avanti kiosk, but had no location. One of Farrell’s locations, however, was looking for a micro market, so the two partnered to work together operating the micro market. About a year ago Farrell purchased the micro market outright.

While he enjoys operating the micro market, Farrell says the opportunity for expansion of that segment is not as large as other places in the country. “I have been introducing the concept to locations, but many prefer vending,” he noted. In the area in which he operates as well, there aren’t many locations that fit the closed atmosphere that is required for micro markets to be successful. He will continue to offer micro markets, however, as a possible service option.

that consumers are using and has gone 100 percent cashless with USA

Technologies. “I love that the USAT system allows my customers to pay

The Sodexo Convenience Solutions Team and Convenience Solutions Alliance Partners want to express our sincere congratulations to Scott Meskin for being named the 2016 NAMA Operator of the Year. We are proud to have Scott as an Alliance Group member and certainly recognize the hard work and diligence that goes into winning a prestigious award such as this.

“ **Scott is not only a world class operator but exhibits the leadership traits we desire in a partner. His willingness to provide input on important projects, and also share his experiences with other members for the good of their business as well as the Convenience Solutions Alliance Network is unmatched and greatly appreciated.** ”

Thank you for all that you do to support the collective team.

Reed Barton

Reed A. Barton

Vice President Strategy

Convenience Solutions by Sodexo North America



with their smartphones,” he noted. “People look at the payment methods and the different, local offerings in the machine and it really does create this new vending experience for them.”

Farrell is excited about USAT’s new acquisition of VendScreen, too. “That will be great when we upgrade to touchscreens,” said Farrell, who likes to be on the forefront of technology. “That is, as long as technology doesn’t change direction between now and the time we upgrade, which is a possibility!”

On the backend, Vitality Vending uses VendSys to prekit, which Farrell says is very easy to operate in conjunction with USAT equipment. Vitality also uses dynamic scheduling to eliminate unnecessary trips to locations. “Dynamic scheduling is great because Vermont is very rural so if we don’t have to drive an hour to a location, then we won’t. It creates a lot of efficiencies for us,” he said. Farrell likes that his days are flexible, but understands that he will need to create more specific routes when the company grows. It’s a bridge Farrell says he will cross when he gets there.

Local challenges

In the last five years Farrell and Vitality Vending have faced a few challenges, one of which includes a statewide tax [see Industry Activism on page 30]. In July of last year, a Rooms and Meals tax went into



Vitality Vending offers local brands not found in other vending machines.

effect which subjected items sold from vending machines to a 9 percent meals tax. “The Rooms and Meals tax hurt us initially,” he said. “One of our accounts is below where it used to be and that’s an account that also has a cafeteria, so their thinking is that if they are going to have to pay taxes they could just go downstairs and get some fresh, hot food.”

Farrell raised prices to cover for the tax and put notices on the machines. Early last year the company looked at its pricing in general and decided to go to two-tier pricing on Jan. 1, 2015. “We saw a huge decline in credit card revenue because the customer was basically paying more for credit. When the R&M tax came into effect we went back to “same as cash” credit card pricing but enacted a more broad approach

to pricing that includes some percentage for the credit card fees that we were paying.” After Vitality made the switch back to “same as cash” it saw an immediate change back to more prominent debit and credit card usage. Today Farrell sees it is about 60/40 credit card to cash in terms of payment at the machine.

Vitality Vending faces another challenge as well, and that is one of growth. The huge expansion Farrell expects over the next several months will mean Farrell will need to invest in new technology and more employees. Currently Farrell and his business partner Blunt work with a part-time employee to keep the machines stocked. With more locations, that will change. “We are running into a geographical issue, because we are looking to expand but locations are 45 minutes apart and there aren’t any filler locations between towns,” said Farrell. “For us to be in some towns we need multiple locations and that has been a slow process that we are working to figure out.” Vitality Vending has proposals out with four to eight machines in each facility, which means the company could grow 30 percent this summer alone.

“It’s an exciting time though, despite the challenges,” said Farrell. “Growing is a good problem for us to have.”

“I use a local deli shop that makes sandwiches... it’s great for consumers to see that they aren’t just supporting me, a local guy, they are also buying a sandwich from a local business as well.”

Brent Farrell, owner, Vitality Vending

Rethink the machine

Farrell and Blunt are excited about the future of Vitality Vending and its ability to create a unique vending experience for consumers.

Vermont, Farrell says, is the perfect place to do just that. “There aren’t a lot of players around Vermont, especially companies doing what we do,” he said. The opportunities are there for Vitality Vending because many Vermont customers are receptive to local and fresh items. There is also, says Farrell, a strong desire to support local businesses in Vermont. “I use a local deli shop that makes sandwiches for us in some of our accounts and it’s great for consumers to see that they aren’t just supporting me, a local guy, they are also buying a sandwich from a local business as well,” Farrell noted.

When Farrell pitches to locations, he focuses on what he does differently,

Operation Profile: Vitality Vending

Founded: 2011

Owner: Brent Farrell

Headquarters: Essex Junction, VT

Cashless provider:
USA Technologies

VMS: VendSys

Micro market provider: Avanti

Vending machine manufacturer:
AMS

which is offering local items that are also health-focused. “No one in our area is doing healthy the way we do it, and that’s part of the reason why we have been so successful.” Farrell will soon be adding local cold brew coffee to some of his machines this summer and adding other new products as he finds them. Even though many of the products are more expensive than traditional, national items, he notes that

consumers won’t find the items in any other machine, and that is appealing to many consumers. Some locations value healthy vending so much so that they subsidize the products.

“I’ve had people tell me, ‘I would never consider buying something out of a vending machine, but I’ll buy something out of yours,’” said Farrell. “My goal is to help consumers rethink vending.” | ◀



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NAMA OneShow 2016 Illustrates What's Trending In Vending

The annual NAMA OneShow held this year in Chicago, IL, from April 12 to 15 brought together members of the vending, micro market and OCS industry for a week of educational instruction, new products and key trends moving the industry forward. According to LyNae Schleyer, NAMA's Vice President of Events, more than 4,300 attendees and 288 exhibiting companies convened at McCormick Place where solutions centered around vending, micro market and OCS growth were in abundance.

On the show floor, exhibitors showed off new technologies and products to enhance the vending, OCS and micro market experience for both operators and consumers. There were a number of new entrants into the micro market space, including companies offering a tablet or iPad in lieu of a larger kiosk. A full-sized Avanti micro market was placed at the entrance of the OneShow show floor for attendees to utilize (see page 37 for photo). Technologies to drive efficiency in an operation's backend vied for attendee attention, with new and existing VMS providers promoting how these systems can benefit operators. One thing was clear, however; implementation of the VMS can't be the goal. Instead, operators should first decide on a course of action and then select the system that most closely matches their criteria and helps attain the overall goals. Operators shared their advice to interview the different technology companies before investing in a system, in order to determine the best solution for your operation.

The topic of better-for-you snacks was prominent at this year's show as well, from the educational sessions to new product offerings from manufacturers.

The OCS area of the trade show showcased new, sleek bean-to-cup machines and other single serve brewers with touchscreens and espresso-based drink offerings. Several manufacturers showcased their latest cold brew coffees as well, illustrating the growing interest for non-traditional coffees. | ◀



▲ The General Session sponsored by PepsiCo featured stars of ABC-TV's show "Shark Tank," Robert Herjavec (center) and Lori Greiner (far right), who judged teams of entrepreneurs from Michigan State University's Spartan Innovation Program, with NAMA CEO Carla Balakgie (far left) moderating the contest.



▲ NAMA reported 288 exhibiting companies at this year's OneShow in Chicago, IL, including 67 companies new to the expo.



▲ Attendees check out new product offerings on the show floor. Many exhibitors were showing healthy or better-for-you products more so than in previous years.



◀ Art Wittern, Joshua J. Rosenberg and Scott Meskin were named this year's Industry Award Honorees during the OneShow General Session. Wittern, chairman of U-Select-It, was named Allied Member of the Year while Rosenberg, president & CEO of Accent Food Services, was crowned Industry Person of the Year and Meskin, president of Black Tie Services, was awarded Operator of the Year. To read more about the award and the winners, visit www.vendingmarketwatch.com/12182245.



◀ A full micro market was set up outside of the exhibit hall for attendee use.



▲ The Vending Technologies Program, located at the A. Philip Randolph Technical High School in Philadelphia, PA, was represented at the 2016 NAMA OneShow. It remains the only program in the country that teaches young men and women to repair vending equipment, according to Bud Burke, a long time advisory board member.



◀ Operators know a surprise visit is always possible from the Occupational Safety and Health Administration (OSHA). Attorneys Heather Bailey and Jon Hoag of the SmithAmundsen law firm offered six tips on how to prepare for and manage the situation in the event that OSHA inspectors come knocking on the door. www.VendingMarketWatch.com/12199586.



◀ Attendees look on during the standing-room only session entitled, "What's Trending in Vending, Micro Markets & Refreshment Services" moderated by Dr. Michael Kasavana, NAMA Endowed Professor Emeritus. Panelists included Paresch Patel, PayRange; Yair Nechmad, Nayax; John Hickey, Tech 2 Success; Randy Smith, LightSpeed Automation; Anant Agrawal, Cantaloupe Systems; and Mike Lawlor, USA Technologies.



↑ PepsiCo introduced the Hello Goodness vending machine, which offers good- and better-for-you product choices from the company's food and beverage portfolio. The vending machine features a digital point-of-sale touch screen with product nutritional information, suggests food and beverage pairing ideas for different eating occasions throughout the day, and allows for cashless and digital vending.



▲ BUNN refresh™ sparkling and still water dispenser delivers purified, premium water. The machine is simple to use with one push-and-hold button for Still Water dispense, and one push-and-hold button for Carbonated Water dispense.

➔ Seen At The Show

Exhibitors brought their newest creations to the forefront at the 2016 NAMA OneShow held in Chicago, IL. Here is a look at just a few of the many products on display at McCormick Place.



▲ The Ultimate Coffee Machine contains seven trays of product which includes up to 180 12-ounce cups. Each cup can be stocked with a single-cup blend and supplies for an individual cup of coffee. The vending machine boasts an integrated authorization unit and is adaptable to most brewer brands. The machine can also hold up to 4 selections of miscellaneous items.



◀ Coffee Blenders showed off its pour-over coffee that allows consumers to place the coffee pouch over a cup and simply add hot water for a convenient cup of coffee.



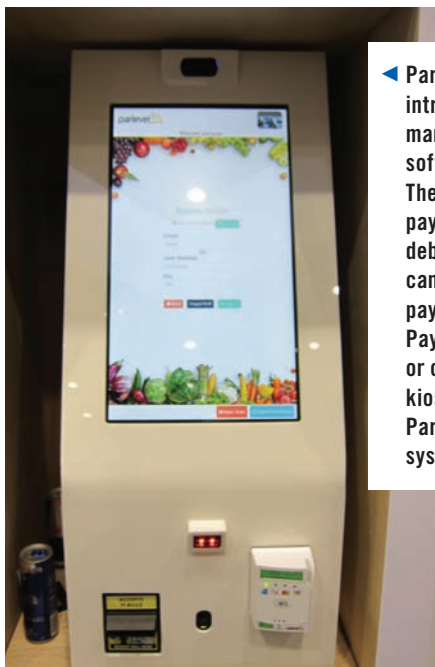
◀ FlapJacked Mighty Muffins are gluten-free, protein-packed and high fiber muffins developed with convenience in mind. The consumer simply microwaves for a meal or snack on the go.



➡ AirLift introduced its iPad kiosk for micro markets at the NAMA OneShow in Chicago. The checkout system has a small footprint that drives down big installation costs and creates flexibility with operating terms.



⤴ High Brew Cold Brew Coffee comes in Double Espresso, Mexican Vanilla, Salted Caramel, Dark Chocolate Mocha and Black & Bold flavors with 8g of sugar or less, 100% Fair Trade Arabica Beans and between 130-150mg of natural caffeine.



◀ Parlevel Systems introduced a micro market hardware and software solution. The kiosk lets users pay with credit, debit, pre-paid, and campus cards, mobile payments like Apple Pay and Android Pay, or cash. Parlevel's kiosk is built with Parlevel's management system.

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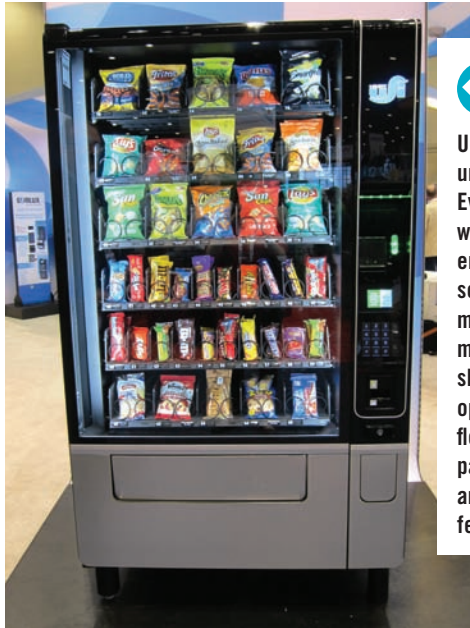
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U-Select-It, Inc. unveiled the Evoke series which offers an engaging touch screen option, maximized visual merchandising, shopping cart options and flexibility of payment devices among other features.



▲ Graphics That Pop introduced a new, free standing micro market system that is easy to modify and assemble. The system breaks down for affordable shipping and can be assembled quickly on location.

Product Showcase Video Teaser



Crane demonstrated its newest technology and equipment at the NAMA OneShow 2016 in Chicago.



Eurotech's Jon Woodland, Director of IoT Solutions & Services, introduces the hardware and software solutions necessary to bring the power of the Internet of Things to the vending environment.

View the full videos at www.vendingmarketwatch.com

Marketplace

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



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OREO THINS were launched in March 2016.

1 Ipsos, brand health tracker, Q3 2014

2 Nielsen, xAOC plus Convenience, latest 52 weeks ending 10/24/15

3 Nielsen, BASES@ II, January 2015

VendingMarketWatch.com/12190103

USA Technologies ePort Interactive

USA TECHNOLOGIES



USA Technologies, Inc. unveiled its ePort® Interactive. This is USAT's most progressive solution to date, and one of the industry's most advanced cloud-based interactive media and content delivery management systems, enabling delivery of nutritional information, remote refunds, loyalty programs, and robust, multimedia-marketing campaigns for the unattended and self-serve retail markets. The ePort Interactive technology transforms the relationship between companies and consumers through advanced technology that provides new engagement, marketing and analytical capabilities. It delivers enhanced vendor management system (VMS)

integration to the 6,000 ePort interactive units already in the field.

VendingMarketWatch.com/12197831

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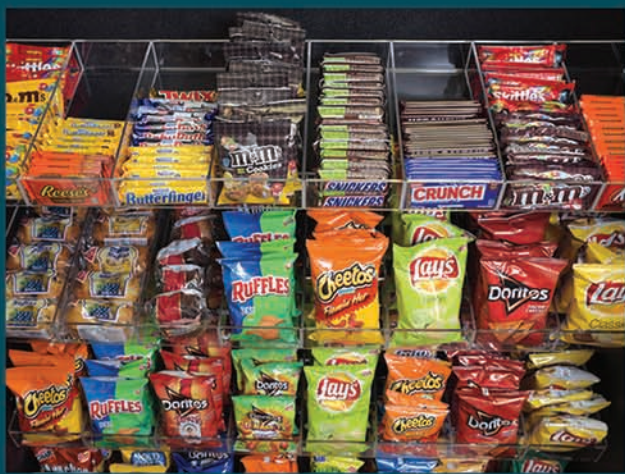
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