

INSIDE » Focus On The Bigger Picture page 26

Automatic MERCHANDISER

The Vending, Micro Market &
Coffee Service Industry Resource

Powered by **Vending**
MARKETWATCH.COM

Customer service is
king for Joel Sather,
president of Capital
Coffee, and his team.



Full Steam Ahead

STATE OF THE COFFEE
SERVICE INDUSTRY
OCS REACHES \$4.75 BILLION

page 14

Capital Coffee in McFarland, WI, joins
other OCS operations in having its best
sales year on record in 2015

page 34

September 2015

RE-THINK COFFEE VENDING

INTRODUCING ^{THE NEW}
RUBI MICRO-CAFÉ

FIND US AT THE
NAMA COFFEE,
TEA & WATER SHOW
BOOTH #330

- ☛ Café-quality Coffee on Demand
- ☛ Freshly Grinds Whole Beans
- ☛ French Press Technology
- ☛ Fully Supported & Networked
- ☛ No Risk Zero Capital Lease Program

LET RUBI HELP YOU DRIVE
NEW REVENUE FROM YOUR
CURRENT ACCOUNTS



For more information
call **425-903-8520** or
go to **rubimicrocafe.com**

Enjoy a LITTLE TASTE of PARADISE

A Leading Premium Ready-To-Drink Tea!*

- Slow brewed using real tea leaves
- All-natural ingredients, including real sugar • PET: 18.5 oz.
- Available nationally in Sweet, Unsweet, Green Tea with Honey, Half & Half, Raspberry, Lemon

Tropical Blended Teas Inspired by the King of Paradise

- All-natural ingredients, including real sugar and tea
- PET: 18.5 oz. • Available nationally in Strawberry Lime Black Tea, Pineapple Coconut White Tea, Tropical Citrus Green Tea, Peach Mango Black Tea



Contents

SEPTEMBER 2015

VOLUME 57, NUMBER 6

SPECIAL ANNUAL REPORT: STATE OF THE COFFEE SERVICE INDUSTRY

14 ► Set Sail For Continued And Steady Growth

The office coffee service industry reached a record-breaking \$4.75 billion in annual sales due to a burgeoning economy, a sophisticated consumer palate and more options than ever. In 2014/2015 it also experienced the greatest percentage of growth in more than a decade.

SUCCESS STORY OPERATION PROFILE



34 ► The Capital Advantage

In 2015 Capital Coffee will have its best sales year yet due to its focus on customer service, investment in technology integrations and diversified OCS offerings.

Joel Sather, right, leads his team of 13 employees, including Jen Wells, far left, and Amy Clark, center.



FEATURES

26 ► Focus On The Bigger Picture

OCS has become a misnomer as providers offer much more than just coffee

28 ► Product Roundup

Featuring coffee, tea and water products



32 ► CTW Preview: Learn To Grow At The CTW Show

Chip Potter, NAMA's vice president of communications and information services, gives insight into the industry's premier coffee services event taking place Nov. 2 to 4 in Washington, D.C.

DEPARTMENTS

6 ► Editor's Note

A Tale Of Pantry Service
And Micro Markets

8 ► VMW News

12 ► OCS Update

Should You Offer
Cold Brew Coffee?

43 ► Marketplace

46 ► Route Driver of the Year Quarterly Winner

Sean Baughman
VendEdge, Roswell, GA

Online Exclusives

AVAILABLE ONLY AT VENDINGMARKETWATCH.COM

BLOGS, PODCASTS & VIDEOS



► GUEST BLOG: Father-Daughter Duo Takes The Hill To Support NAMA's Advocacy Efforts

www.vendingmarketwatch.com/12098271

► EDITOR'S BLOG: 5 Things That Drive Good Employees To Quit

www.vendingmarketwatch.com/12105488

► BLOG: Revisit Your Route Driver Ad Description

www.vendingmarketwatch.com/12101826



► BLOG: Guilt-Free Coffee Pods

www.vendingmarketwatch.com/12097891



► VIDEO: CPI Certification

www.vendingmarketwatch.com/12097689

SPECIAL REPORT



How You Pay Your Exempt Employees Will Be Changing
Operators, start your analysis now.

Only Available
on the Management
Channel &

VQ Vending
MARKETWATCH.COM
VENDING QUARTERLY

Sponsored by
Mondelez
International

Visit www.vendingmarketwatch.com/management
or have it delivered to your inbox at
www.vendingmarketwatch.com/reg/newsletter/display

Automatic MERCHANDISER

1233 Janesville Ave., P.O. Box 803,
Fort Atkinson, WI 53538-0803

BUSINESS STAFF

PUBLISHER Ron Bean
Telephone: (920) 568-8386
E-mail: Ron.Bean@VendingMarketWatch.com

MULTIMEDIA ACCOUNT REPRESENTATIVE Michelle Scherer
Telephone: (920) 568-8314
E-mail: Michelle.Scherer@VendingMarketWatch.com

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

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

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

EDITORIAL STAFF

EDITOR Emily Reformat
Telephone: (920) 563-1615
E-mail: Emily.Reformat@VendingMarketWatch.com

MANAGING EDITOR Adrienne Zimmer
Telephone: (920) 563-1651
E-mail: Adrienne.Zimmer@VendingMarketWatch.com

SUPPORT STAFF

ART DIRECTOR Erin Brown

PRODUCTION DIRECTOR Steve Swick
PRODUCTION SERVICES Barb Evenson
REPRESENTATIVE
Telephone: (920) 563-1629
Fax: (920) 568-2392
E-mail: bevenson@southcomm.com

AUDIENCE DEVELOPMENT MANAGER Debbie Dumke

PUBLISHED AND COPYRIGHTED 2015 BY



SouthComm
Business Media

CHIEF EXECUTIVE OFFICER Chris Ferrell

CHIEF FINANCIAL OFFICER Ed Teerman

CHIEF OPERATING OFFICER Blair Johnson

EXECUTIVE VICE PRESIDENT Gloria Cosby

VICE PRESIDENT, TECHNOLOGY Eric Kammerzell

VICE PRESIDENT PRODUCTION OPERATIONS Curt Pordes

VICE PRESIDENT, HUMAN RESOURCES Ed Wood

VICE PRESIDENT, MARKETING Gerry Whitty

DIRECTOR OF DIGITAL BUSINESS DEVELOPMENT Lester Craft

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

Reprint Sales:

For reprints and licensing please contact Brett Pettiloat
Wright's Media 877-652-5295, ext. 118 or bpettilo@wrightsmedia.com.

Subscription Policy:

Individual subscriptions are available without charge in the U.S. to vending operators, coffee service operators, product brokers, and product and equipment distributors. Subscribe online at www.VendingMarketWatch.com. Publisher reserves the right to reject nonqualified subscribers.

Individual subscriptions are available at the following rates: For one year, U.S. \$35 (\$70 for two-year subscription), Canada & Mexico \$60 (\$105 for two-year subscription); all other countries, payable in U.S. funds, drawn on U.S. Bank, \$85 per year (\$160 for two-year subscription). Single issues available (prepaid only) \$10.00 each. Canadian GST# 842773848.

For Change of Address or subscription information,

click on subscribe at www.VendingMarketWatch.com, call

toll-free 877-382-9187 or 847-559-7598 or email: circ@VendingMarketWatch.com

AUTOMATIC MERCHANDISER (USPS 017-280) (ISSN 1061-

1797 print; ISSN 1948-5697 online) is published eight times

per year: March, April, May, June, August, September, October

and December by SouthComm Business Media, LLC. Periodicals

postage paid at Fort Atkinson, WI and additional entry offices.

POSTMASTER: Please send all change of address to AUTOMATIC

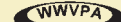
MERCHANDISER, PO Box 3257, Northbrook, IL 60065-3257.

Canada Post PM40612608. Return Undeliverable Canadian

Addresses to: Automatic Merchandiser, PO Box 25542, London,

ON N6C 6B2. Volume 57, Number 6

Printed in the USA



The World Wide Vending Press Association



PRINTED WITH
SOY INK

The Tale Of Pantry Service And Micro Markets

How two similar ideas are taking shape differently in today's coffee industry.

The average breakroom is going through an evolution. Automatic merchandisers are transforming into service options that can provide increased product variety to customers, specifically pantry service and micro markets.

At a very basic definition, pantry service and micro markets are very similar. Both provide snacks, food, beverages and assorted

other items outside the constraints of a vending machine to employees at a workplace. Really, the key difference from a user's perspective is that with a micro market, the employee pays for the items at a self-checkout kiosk, while with pantry service, the company pays. From an operational perspective, both require additional resources for warehouse management of products and delivery scheduling.

However, despite their commonalities, the two services are evolving differently in the industry. When asked about new services office coffee service (OCS) providers added in 2015,

10.5 percent indicated they adopted pantry service and 16.7 percent added micro markets. Full-service operators are more likely than OCS-only operators to operate a micro mar-

ket. OCS-only providers, on the other hand, reported pantry service as an area of growing potential, with one out of five ranking it the fastest-growing segment over coffee and other services, about 5 percent higher than the overall OCS provider industry.

A division of history

Which service is being more readily adopted appears to have a great deal to do with how the operator defines their operation. If it's an OCS-only provider, then pantry service is often the next step. With pantry service, there is more flexibility with how much an operator wants to invest and ultimately offer to customers. Just adding soda and snacks, for example, requires fewer resources than managing the vast SKUs and data analysis needed by a micro market. Full-service operators already know how to manage a large inventory of products in a warehouse. They also have experience with delivery personnel and are able to understand how they will have to manage a micro market.

The real advantage to either system is that they bring new flexibility to our industry and locations. This flexibility will be important as breakrooms continue to take shape, meeting the need to offer refreshments and necessities to employees with less structured work schedules and spaces. This includes employees who have varied telecommute schedules and non-traditional breakroom designs. This new area needs to include products and services that can double as employee perks so employers are willing to spend more for them. It will be an interesting ride as the industry works to offer a solution outside the proverbial box. | ◀



10.5 PERCENT of OCS providers adopted pantry service in 2015.

AUTOMATIC MERCHANDISER EDITORIAL ADVISORY BOARD

Anant Agrawal
Cantaloupe Systems

Brad Ellis
Crane Co.

Carl Moser
Cardinal Canteen
Food Service

Chuck Reed
Crane Payment
Innovations (CPI)

Elyssa Allahyar-Steiner
Avanti Markets Inc.

Jeff Whitacre
Food Express

Jim Carbone
The Classic Group/Chicago
Coffees & Teas

Jodi Glimpse
Camelback Vending

Joe Hessling
365 Retail Markets

Lee Hartnett
Commercial Coffee Service/
Food Systems Inc.

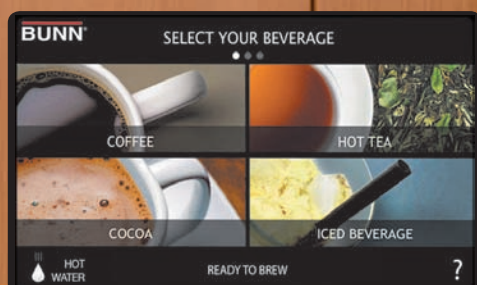
Michael Miller
Mondelez International

Paresh Patel
PayRange

Paul Schlossberg
D/FW Consulting

Sandy Thornton
VendEdge

I CHOSE BUNN®



Bring the coffee house into the workplace

The My Café MCO offers a broad selection of quality beverages through an intuitive, step-by-step touchscreen. BUNN gives me peace of mind that the equipment will meet the demands of repeated, daily use.

BUNN.com

BUNN®

A Partner You Can Count On®

Five Star Food Service Announces Three Acquisitions

Five Star Food Service announced it has completed full or partial acquisition of three vending and office coffee service companies in Georgia and Tennessee in less than three months.

In June, Five Star acquired a portion of Hiram, GA-based Elite Vending Co. which included the majority of the business managed inside of a four-county overlap of Five Star's Canteen Vending franchise territory. Elite will continue to operate and serve its metro-Atlanta customers in Fulton, Cobb, Douglas and Clayton counties, where Five Star does not currently operate.

In July, the acquisition of Rome, GA-based Complete Vending included its entire five-route vending and office coffee service operation covering a seven county area. In August, the final and largest of the three acquisitions involved Murfreesboro, TN-based Webb's Refreshments, which sold its complete eight-route vending and micro market business to Five Star. Webb's retained and will continue to operate its office coffee and water service divisions.

This series of acquisitions allows Five Star to consolidate the competitive landscape within its current operating footprint and continue its pace of growth, the company said in a statement.



Tennessee-based Five Star Food Service made three acquisitions in less than three months.

Cott Announces The Closing Of Acquisition Of Office Water Delivery Company

► Cott Corporation announced that its DS Services Business Unit has closed on its acquisition of Sweet Arrow Springs in central Pennsylvania. Sweet Arrow Springs generated over \$2 million in annual revenues and its customers are now receiving their regular bottled water, office coffee and filtration service directly from a DS Services Route Sales Representative. This acquisition is one of the two asset purchase agreements announced during the second quarter 2015 earnings call.

N&W Global Vending To Introduce 5,000 Smart Vending Machines In The U.S. Next Year

► N&W Global Vending will introduce 5,000 smart vending machines across the U.S. in 2016, powered by Intel technology, SlashGear reports. Intel demonstrated the smart vending machines at the 2015 Intel Developer Forum that took place in San Francisco, CA.

Internal cameras in the vending machine can detect demographic details about the machine's user such as gender and age, which is then distributed to the vending machine's operator to let them know who is visiting their machine and what they are buying.

Last May N&W Global Vending was at the Intel booth at the VendItalia International Vending Exhibition in Milan with a preview of the first prototype of a vending machine based on the latest Intel technologies.



Farmer Bros. Breaks Ground On New Headquarters In Texas

► Farmer Bros. Co. broke ground in Northlake, TX, on what will become its new headquarters, state-of-the-art roasting facility, distribution center and coffee lab. The company's move from Torrance, CA, is expected to bring more than 300 jobs to the Northlake region.

NAMA Releases 2015 Annual Operating Ratio Report

► NAMA announced that its 2015 Operating Ratio Report, Key Indicators for Success, is now available for purchase on www.vending.org.

Analyzing data gathered from participating NAMA member companies, the study provides key insights into exactly how high-profit firms generate better profit numbers. It focuses intently on three profit drivers—growth, gross margin and expenses. The report shares



clear evidence as to how small differences in those few areas translate directly into higher levels of profitability.

To purchase a digital copy of the Operating Ratio Report, please visit www.vending.org/ORR. The cost is \$225 for members and \$395 for non-members.

Heartland Food Products Group Enters Definitive Agreement To Acquire Splenda® Brand

▶ Heartland Food Products Group announced it has entered into a definitive agreement to acquire the Splenda® low calorie sweetener brand from McNeil Nutritionals, LLC, a subsidiary of Johnson & Johnson Consumer Inc. The transaction is expected to close before the end of the year. The financial terms of the transaction have not been disclosed.



Samsung To Launch Mobile Payment System In U.S.

▶ Samsung will launch its new mobile payment system, Samsung Pay, in the U.S. on Sept. 28. The announcement was made at the company's Galaxy Unpacked event in New York City.

"It is easy, safe, and most importantly, available virtually anywhere you can swipe a card," said Samsung's mobile business CEO, JK Shin at the event.

Samsung Pay uses a near-field communication (NFC) chip, CNET reports, and LoopPay technology called Magnetic Secure Transmission which turns in-store payment terminals where consumers normally swipe a credit card into contactless readers. Stores, restaurants and other retail outlets require no special equipment to accept payments with LoopPay-enabled smartphones or devices.



Kraft Heinz To Cut 2,500 North American Jobs

▶ The Kraft Heinz Co. began the process of cutting 2,500 jobs across facilities in the U.S. and Canada by laying off 700 employees at the company's corporate headquarters in Northfield, IL. The anticipated job cuts, which took effect immediately, were part of a cost-cutting plan, the Chicago Tribune reports.

The Kraft Heinz Co. announced the completed merger between Kraft and Heinz in July, creating the third-largest food and beverage company in North America and the fifth-largest food and beverage company in the world.

Ten Facts About The Changing American Consumer

▶ In its 2015 US Grocery Shopper Trends report, the Food Marketing Institute (FMI) found that American eating habits are changing. The study revealed that snacks now comprise 50 percent of all eating occasions, with 90 percent of Americans snacking multiple times per day and 48 percent replacing meals with snacks at least three to four times per week.

Other findings include that 7 percent of American households contain vegans or vegetarians and 12 percent of Millennials shop for groceries online. Millennials are also most likely to skip breakfast and consume vegetarian food.

People in the News

David Nute Joins PayRange

PayRange Inc. has appointed David Nute as vice president of operations and finance. Nute was most recently the CFO of RVK, Inc. "We're fortunate to have Dave bring his operations, finance and start-up experience to PayRange," said Paresh Patel, PayRange CEO.



Nute

Mr. Coffee Creator Dies At 91

Vincent Marotta, a creator of the Mr. Coffee machine, died at the age of 91 on Aug. 1. Marotta began the Mr. Coffee company in 1972 with his business partner Samuel Glazer and subsequently created one of the first automatic drip coffee makers for home use. "Mr. Coffee became a market leader almost immediately," The New York Times wrote. Marotta was born on Feb. 22, 1924.

USA Technologies Appoints J. Duncan Smith As CFO

USA Technologies, Inc. announced the appointment of J. Duncan Smith, CPA, as chief financial officer, effective Aug. 31, 2015. Smith succeeds David M. DeMedio who transitioned to the newly created position of chief services officer (CSO) after having made significant contributions to the company as its CFO since 2005. DeMedio will work closely with Smith to ensure a seamless transition.

The Coca-Cola Co. Names New President, Chief Operating Officer

The Coca-Cola Co. announced that James Quincey has been named president and chief operating officer (COO), effective immediately. As president and COO, Quincey will have responsibility for all of the company's operating units worldwide. He will report directly to Chairman and Chief Executive Officer Muhtar Kent.



Quincey

ConAgra Foods Names Darren Serrao Chief Growth Officer

ConAgra Foods, Inc. announced Darren Serrao has been appointed to the new position of chief growth officer Aug. 17, 2015. Serrao will report to the chief executive officer, Sean Connolly. As chief growth officer, Serrao will lead the Growth Center of Excellence at ConAgra Foods that includes insights, innovation, research and development and marketing.



Serrao

CAVC Provides Input On New Micro Market Guidelines

NAMA announced that Los Angeles County, CA, recently released a new set of micro market guidelines, a document that is the result of a collaborative effort by the California Automatic Vending Council (CAVC), NAMA's Sandra Larson and the L.A. County Environmental Health Department.

"With the micro market concept rapidly expanding, CAVC members welcomed the opportunity to collaborate with county officials in establishing food safety standards that protect consumers and allow operators to grow their businesses," said NAMA Senior Director of Government Affairs Sandra Larson. "A positive working relationship was forged from information-sharing, operator site visits and several meetings, resulting in a set of guidelines both our members and the department are pleased with. We are thankful for the opportunity to work together on this, and hope to continue this valuable relationship in the future." Since 2011, CAVC and L.A. County health officials have been working together on industry issues including vending permits and most recently on the micro market guidelines.

A link to the L.A. County Micro Market Guidelines can be found at www.nama-voice.org/state-issues/micro-markets.



CAVC and L.A. County health officials have been working together on industry issues since 2011.

this quarter while brewers and accessories net sales declined 26 percent. Other product net sales declined 12 percent compared to the prior year period.

USConnect®, Route 66® Coffees Partner With Life In Green

► USConnect's premium coffee service, Route 66®, is pleased to announce its new partnership with Life in Green packaging and accessories. Route 66 is partnering with Life in Green to provide cups and accessories with the smallest possible environmental footprint. Life in Green was founded in 2009 as a distributor of compostable and bio-degradable disposable food service products.



PFG Announces Georgia Food Distribution Facility Expansion

► Performance Food Group, Inc. (PFG) announced plans to expand its Performance Foodservice — Milton's food distribution facility in Oakwood, GA.

The expansion project will include construction of a new 174,000-square foot building to be built on 43 acres adjacent to the current operation at 3501 Old Oakwood Road. The new building will feature a freezer, meat cutting operation, maintenance areas and space for fleet operations. The project is scheduled for completion in 2016 to be followed by the conversion of the existing freezer into a three-zone cooler section.

CALENDAR OF EVENTS

OCT. 8

CVA Golf Outing
Copper Hill Golf Club
East Granby, CT
Phone: 860-242-9689
www.vending.org

OCT. 15-17

CAMA Expo 2015
The Scotiabank
Convention Centre
Niagara Falls, ON
Phone: 888-849-2262
www.vending-cama.com

OCT. 28-30

NCA Coffee Summit 2015
JW Marriott Austin
Austin, TX
Phone: 212-766-4007
www.ncausa.org

NOV. 2-4

CoffeeTea&Water Show
Gaylord National Resort &
Convention Center
Washington, D.C.
Phone: 312-346-0370
www.coffeeteaandwater.org

Keurig Green Mountain Reports Third Quarter 2015 Results

► Keurig Green Mountain, Inc. announced its business results for the 13 weeks ended June 27, 2015.

Net sales of \$970 million decreased 5 percent versus the prior year period with declines in brewer sales and pod sales. Foreign currency exchange rates negatively impacted sales by approximately 1.5 percentage points.

Total pod net sales declined 1 percent in



OF INFORMATION & INTERACTION

Register Now!

NAMA   
COFFEETEA&WATER
EDUCATION • NETWORKING • GROWTH

NOV. 2-4 • 2015

GAYLORD NATIONAL RESORT
WASHINGTON, DC

For more info visit COFFEETEAANDWATER.ORG

Should You Offer Cold Brew Coffee?

By Emily Reformat, Editor

Cold brew is heating up coffee sales during the warm season, but operators need to consider how to lengthen shelf-life and ensure consistent taste if they want to add it to their OCS product line.

Cold brew continues to be a popular drink among consumers. At retail coffee shops, cold brew has been a way to slow the seasonal decline brought on by warm weather. Peet's Coffee & Tea, one of the nation's biggest coffee chains, claims cold brew beat last year's iced coffee sales by as much as 70 percent. Even equipment supplier BUNN is talking about cold brew sales, citing research that overall cold brew coffee consumption has increased 5 percent over the last two years and is now 20 percent of non-hot coffee orders at coffeehouses.

It has made its entrance into office coffee service (OCS) as well with kegs being delivered to offices across the U.S. In this year's SOCI, 25 percent of respondents indicated that cold brew was part of their OCS line up of products and services.

While cold brew is a trendy offering, there are some considerations with preparing and handling this type of drink on a large scale. Truebrew Outfitters, an OCS and vending company in the Chicago, IL, area, has been offering cold brew for more than a year and developed an internal process of delivering it to customers. According to the company's chief operating officer Jim Carbone, the first concern about cold brew is pasteurization. Homemade and locally made cold brew will typically last seven to 10 days. A roaster working with brewers with coffee in pony kegs can generally stretch the shelf life of cold brew upwards to around 30 days. With the addition of pasteurization of the coffee, the expiration date is around 90 days.

Cold temperatures are a must

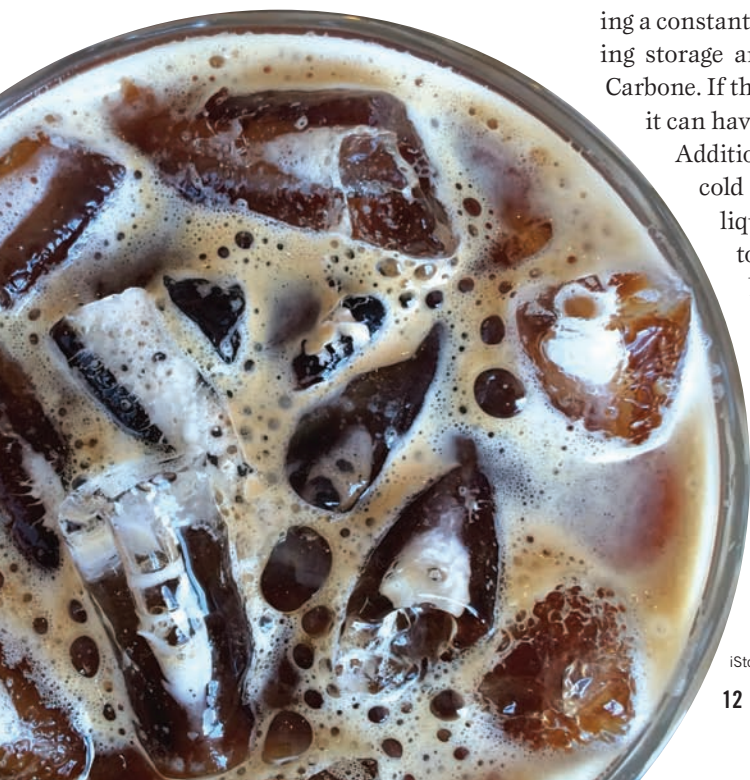
Another consideration is maintaining a constant, cool temperature during storage and delivery, indicated Carbone. If the cold brew gets warm, it can have a bitter or sour taste.

Additionally, if a nitro infused cold brew gets warm, the liquid and nitrogen begin to separate and the nitro brew loses its creamy, smooth texture.

The idea of adding nitro to cold brew is an even more recent trend that produces a chocolatey-creamy smooth beverage. Actually, all kegged cold brew is pressurized with nitrogen, says Carbone. All cold brew whether regular, single origin or nitro is pushed with nitrogen to force the liquid out of the keg. The difference with nitrogen infused coffee, sometimes called nitro brew, is that it is infused with nitrogen prior to being pressurized in the keg. When the nitro brew is poured into the glass you can see the nitrogen and liquid separate causing a beautiful cascade. This is best seen in a wine glass. The nitro brew also requires an aerating tap faucet. This is the faucet that has a long black piece where the liquid is dispensed. The purpose of this faucet is to cause the liquid to pass through at a higher rate to help create the creamy top.

Large batches need professional prep

The last consideration is consistency. There are lots of variables that go into a batch of cold brew coffee. The grind, steep and dilution percentages all affect the taste. According to Carbone, it takes professional and scientific attention to detail and process to ensure a uniform product with a taste the customer can count on. ◀



Cold brew: A coffee drink made by steeping ground coffee beans in room-temperature water for between 12-24 hours. It is usually served black in a glass (with or without ice) or nitrogen-infused from a keg. Cold brew can also be an ingredient in iced coffee beverages.

iStock

CAFÉ BUSTELO®



GET **BOLD** WITH YOUR COFFEE LINEUP

Start the day strong with rich, authentic **Café Bustelo®** coffee.

Café Bustelo brings a unique experience to break rooms and micro markets with bold flavor and a fun vibe that invites – Like No Other.

It's why nearly 9 out of 10 consumers would purchase **Café Bustelo** coffee after tasting.* Enjoy throughout the workday with roast & ground and **Bustelo Cool®** iced coffees.



Learn more at smuckerfoodservice.com

♥ **AT FIRST SIP**



SET SAIL For Continued And Steady Growth

By Emily Refermat, Editor

The office coffee service industry reached a record-breaking \$4.75 billion in annual sales due to a burgeoning economy, a sophisticated consumer palate and more options than ever. In 2014/2015 it also experienced the greatest percentage of growth in more than a decade.

It has been a tremendous growth year for office coffee service (OCS). In the second half of 2014 and the start of 2015, OCS revenues showed a jump of 5.5 percent over the previous year — a greater percentage of growth than in past years, including those preceding the Great Recession. The gain illustrates the opportunities in OCS, steered by economic factors motivating companies to provide quality coffee service to an expanding workforce. The record-breaking \$4.75 billion OCS industry is also being fed by coffee drinkers' discerning tastes, an array of single-cup brewer options and expanding into new services.

Green in beans and banks

Green coffee prices have been dropping since the end of 2014. The most recent International Coffee Organization (ICO) data, as of press time, cited a price of 199.77 cents per pound for the month of July. Record-breaking exports from coffee-producing countries is resulting in this price drop. However, the ICO also warns that overall stock levels are waning, which could leave the industry vul-

nerable to a rapid surge in price in the coming months.

Regardless of the uncertain future of green coffee prices, the drop in base price of this commodity has given operators a chance at better profit margins, which helps them cover costs in other areas of their businesses as well as expand into new services. A very large percentage, 82.5 percent of operators, reported increasing prices this year — quite a bit more than in the past two years. However, few of those increases were in coffee. Instead, operators felt the most pressure to raise prices in allied product areas. From paper goods to snacks and soda, the supplier cost increases in those categories drove the higher prices OCS providers needed to charge to protect profits.

The rise in costs for non-coffee products is especially relevant for today's OCS provider as that segment of the industry has steadily increased for the past few years. In 2015, we expanded the range of possible answers for operators to choose when talking about strategies for dealing with increasing costs and 9.2 percent indicated they most often added additional services to bolster

THE gain in revenues illustrates the opportunities in OCS.

CHART 1: OCS REVENUES – 10-YEAR HISTORY

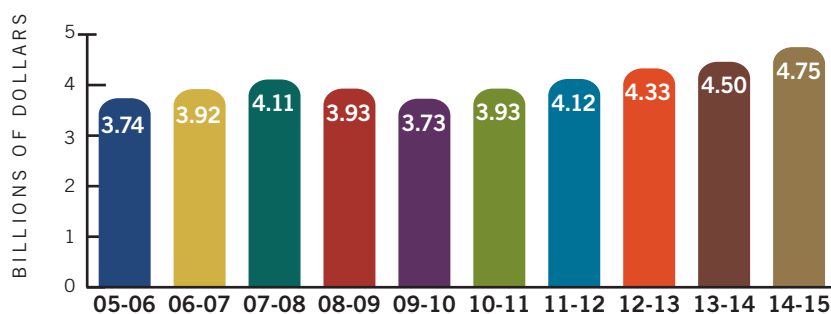
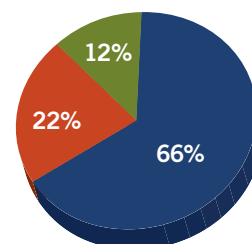
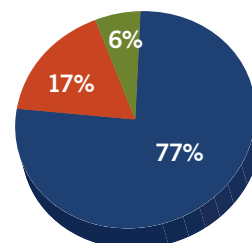


CHART 2: OPERATOR SALES CHANGE, 4-YEAR REVIEW

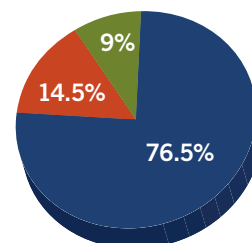
● SALES ROSE ● SALES DECLINED ● NO CHANGE



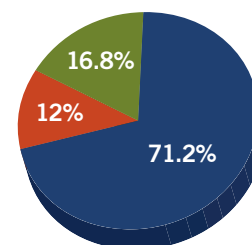
2010/11



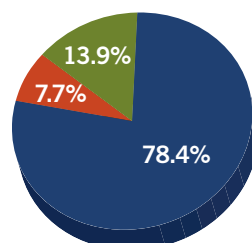
2011/12



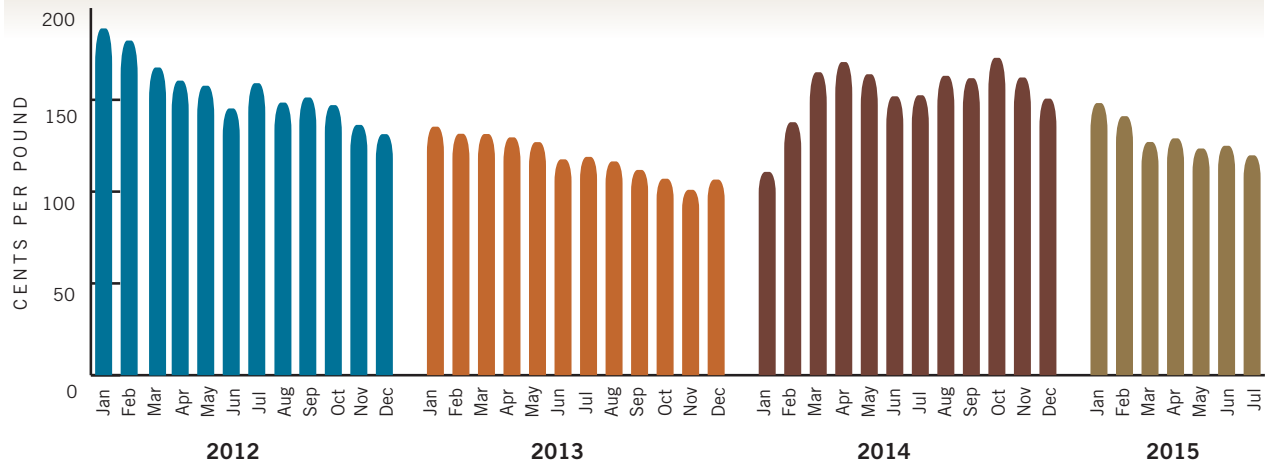
2012/13



2013/14



2014/15

CHART 3A: COMPOSITE GREEN COFFEE PRICES, 2012 TO JULY 2015

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

their bottom line (chart 3B). Among the new services added by OCS providers were micro markets, added by 16.7 percent of respondents. More than half, 63.4 percent, of operators that provide OCS are operating one or more micro markets. In fact, micro markets were the most frequently added service, with water service and pantry service being close second and third options with 14.0 percent and 10.5 percent respectively.

CHART 3B: HOW RISING COSTS ARE BEING HANDLED

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

2014/2015

New services divide market share

The addition of non-coffee products and services makes up a substantial percentage of the OCS industry revenues. Pantry service — commonly

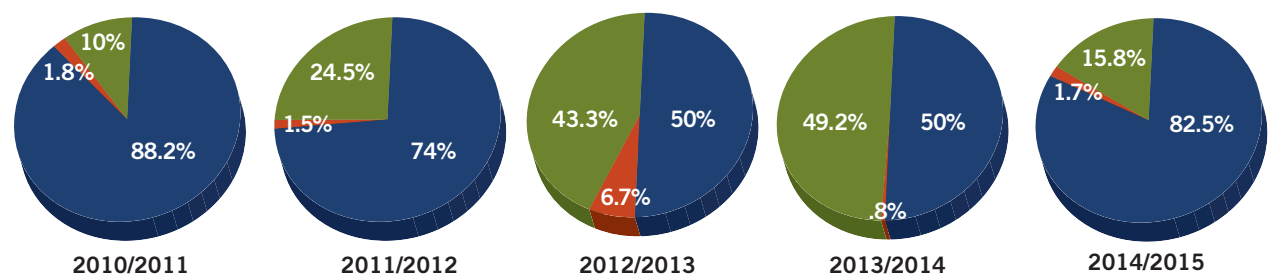
defined as delivering snacks, soda and other products to a location that employees enjoy freely while the workplace is invoiced for the items — has grown substantially. For

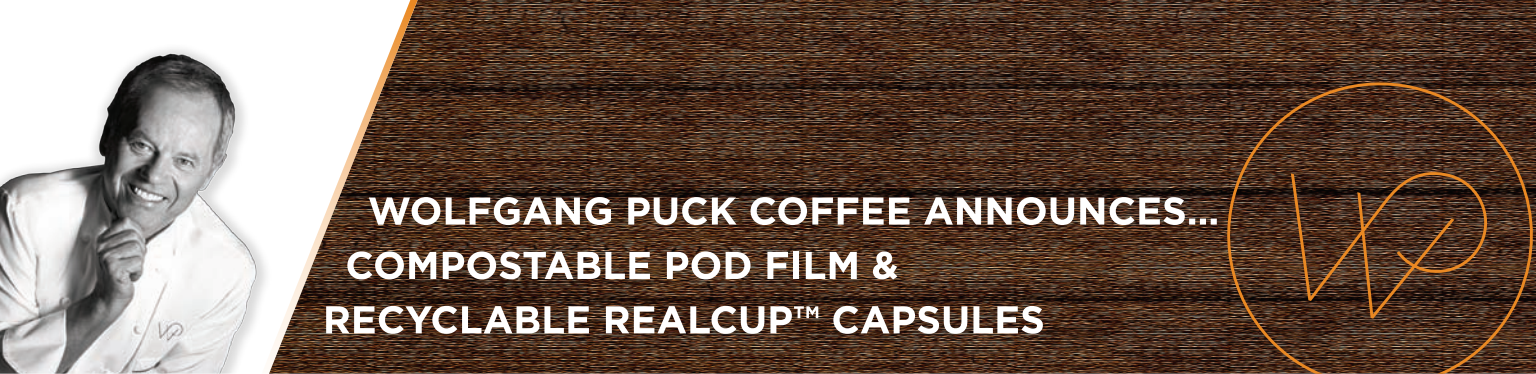
example, revenues associated with providing snacks and soda to locations have quadrupled (chart 5). Tea and water services have also added considerably to OCS revenues.

OPERATOR PRICING ACTIVITY

CHART 4A: OPERATOR PRICING ACTIVITY, 5-YEAR REVIEW

● RAISED PRICES ● LOWERED PRICES ● NO CHANGE





WOLFGANG PUCK COFFEE ANNOUNCES... COMPOSTABLE POD FILM & RECYCLABLE REALCUP™ CAPSULES

LAUNCHING IN FALL 2015

We are excited to announce our new environmentally friendly packaging!



Compostable Pod Film:

Each individually wrapped pod contains fresh roasted, delicious coffee. The package and all of its contents will now be 100% compostable!

Recyclable RealCup™ Capsules – EcoCup™

All of the authentic flavors of Wolfgang Puck Coffee RealCups™ will now be offered in a Recyclable EcoCup™ Capsule – compatible with all Keurig Brewing Equipment!



Easy to do!

Once capsules have cooled entirely, follow these easy steps:

1

Locate the raised symbol on the side of the cup and click the tab directly above.



2

Peel filter away from cup and discard.



3

Place empty outer cup with your other recyclables.*
*where #6 plastics are accepted



Wolfgang Puck Coffee is committed to doing their part in creating a cleaner environment for future generations. In addition to the launch of our new sustainable single-cup offerings, our premium roasting plant is  **powered** by renewable energy resources.

Follow us on 

Sip, Savor and Enjoy!

Adding new services was motivated by operators wanting to be proactive, a majority of respondents explained, rather than due to customer requests/market pressure. Most operators cited that they wanted to maximize their revenue-generating opportunities and/or wanted to stay at the leading edge of the industry.

Due to the growth in non-coffee, the levels of revenue generated by coffee in chart 5 appear to be slipping. Because total sales is out of 100 percent, the extreme decline in private label and national brands should be viewed more as evidence of product and service diversification, rather than a true decrease in interest for these segments of coffee. Indeed, demand remains very strong for both private label and national brands. Private label was rated the top-selling OCS product for the past 12 months by 27.3 percent of OCS operators (chart 5B). Clearly, locations are still asking for a value blend coffee from service providers. National coffee brands were top sellers for 24.7 percent of OCS providers showing a continued demand for consistent quality coffee with a nationally known name.

Drip is out, single-cup is in

Single-cup continues to grow. While the placement of single-cup brewers, which includes all models of countertop brew-by-the-cup equipment, has seen only a modest increase – 23.2 percent, up from 22.3 percent — the number of requests for single-cup service options has skyrocketed. Operators talked about dramatically different requests from locations seeking OCS than in previous years because everyone wants their customized coffee. In fact, most new customers ask about the single-cup and bean-to-cup options first, even if it is not the brewer ultimately placed.

In its latest *National Coffee Drinking Trends Report*, the National Coffee

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

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Revenue	10.8¢	11.7¢	11.8¢	12¢	12.4¢

*Previous numbers have been adjusted based on additional data

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

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Revenue	42.5¢	41.8¢	43.1¢	44.9¢	45.5¢

*Previous numbers have been adjusted based on additional data

CHART 5A: % OCS SALES BY PRODUCT CATEGORY, 5-YEAR REVIEW

	10/11	11/12	12/13	13/14	14/15
Private label coffee	28.1%	28.2%	18.2%	21.8%	12.7%
Local coffee brands				12.5	8.5%
National brand coffee	26.9	28.1	24.4	21.9	12.1%
Value frac packs				3.5	5.4%
Whole bean coffee					4.7%
Espresso/cappuccino	3.6	3.7	5.4	1.9	4.3%
K-cups				7.9	7.4%
Other single-cup				6.0	5.2%
Other coffee*	12.1	9.9	17.4	4.8	6.0%
Total Coffee	70.7	69.9	65.4	80.2	66.4%
Other hot beverages	4.9	5.5	6.4	4	3.3%
Soft drinks/juices	5.4	5.7	6.6	1.8	4.5%
Bottled/filtered water	5.7	4.8	7.3	3.9	5.3%
Creamers/sweeteners	5.6	6.6	6.5	5.2	4.5%
Cups/paper products	5.4	6.2	6.5	4.5	3.8%
Tea					3.6%
Water Service					4.9%
Other	2.3	1.3	1.9	0.4	3.6%

*Includes flavored and varietal.

CHART 5B: TOP-SELLING OCS PRODUCT FOR PAST 12 MONTHS

	2014/2015
Local coffee brands	13.0%
Private label	27.3%
Value frac packs	2.6%
Specialty drinks	1.3%
Whole bean	5.2%
National brand coffees	24.7%
K-Cups	16.9%
Single-cup	5.2%
Tea	0.0%
Water	0.0%
Other	3.9%

PRIVATE
label coffee
was rated the
top-selling
product by
over 25% of
OCS providers.

CHART 6: PLUMBED-IN, AUTOMATIC AND THERMAL AS % OF TOTAL, 5-YEAR REVIEW

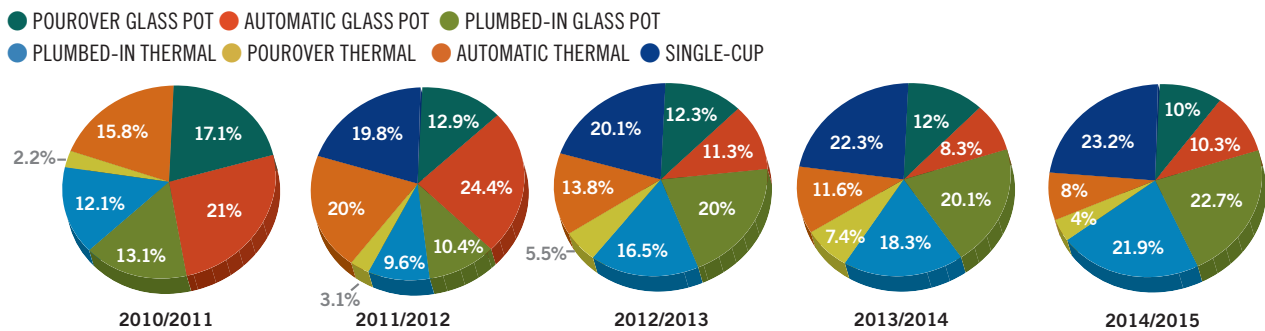


CHART 7: ESTIMATED MARKET SHARE OF SINGLE-CUP BREWER PLACEMENTS IN THE U.S., 5-YEAR REVIEW

MARKETER	PRODUCT(S)	2010/11	2011/12	2012/13	2013/14	2014/15	% Change
Bodecker Brewed	Bodecker	0.2%	0.3%	0.4%	0%	2.5%	2.5%
BUNN	Single serve pod brewers				1.6	2	0.4
Cafection	Avalon	4.1	3.9	2	3.3	6.4	3.2
Cafejo	Cafejo	2.2	2.4	2.4	0.0	0.1	0.1
Technologies Coffea	Coffea					0.3	
Crane	Café System, Genesis	1.1	1	1.3	0.3	5.2	4.9
De Jung Duke	Virtu				0.8	1.2	0.4
Filterfresh	Filterfresh	1.7	1.4	4.7	2.9	1.2	-1.7
Grindmaster	Grindmaster	1.2	1.4	6.0	0.1	1	0.9
JM Smucker's	Douwe Egberts					2.9	
Keurig	Keurig	43.0	46.2	46.2	39.6	30.0	-9.6
Kraft	Gevalia, Tassimo Professional	0.7	0.8	2.9	3.9	9.8	5.9
Lavazza	Espresso Point, Lavazza Blue	2.0	1.7	2.1	0.4	5.3	4.9
Mars Drinks	Mars Drinks (Flavia)	31.8	30.1	23.4	37.5	16.8	-20.7
Newco	Smartcup, Freshcup, CX-3	0.3	0.4	2.2	1.7	4.3	2.6
Rheavendors	Rhea, Cino	0.4	0.3	0.1	0	0	0
Saeco USA	Saeco, Estro	2.2	2.0	0.6	0.0	0.5	0.5
Starbucks	Starbucks	0.8	0.8	1.6	2.6	2.7	0.1
Technologies Coffea	Coffea	0.2	0.2	0.0	0.0	0.3	0.3
VE Global Solutions	Brio, Colibri, Cypri, Juno, Koro, Korinto, Kinvivo, Prosy, Venus	1.9	1.6	0.1	1.9	4.9	3
VKI Technologies	Eccellenza Express, Eccellenza Touch, Eccellenza Cafe					1.2	1.2
Wolfgang Puck	Wolfgang Puck	0.2	0.3	0.3	0.1	0.3	0.2
Other		0.3	0.2	0.8	0.8	1.1	0.3

*Represents OCS provider placements only

fee Association (NCA) indicated that 34 percent of consumers consider a single-cup brewer to be the preferred coffee preparation method at work, followed by ground coffee with 29 percent. The variety of coffee options available with single-cup as well as it being a fast and convenient option are driving this perception, accord-

ing to NCA data. The report also suggests the consumer understands that single-cup isn't a low cost option. This would suggest that the location would be more open to paying the higher single-cup prices when asking for this type of coffee service.

This spike in single-cup requests from locations reflects the evolving

coffee preference of today's consumer. Words like *fresh*, *greater variety*, *premium* and *specialty* were listed by operators as key reasons for the current trends in coffee service locations. Much of today's new single-cup equipment meets these needs. Cartridge-style solutions ensure quality control and offer a location a broad variety.

Access to local or premium non-cartridge roasts, however, is better met with a bean-to-cup machine.

Successful operators in the single-cup segments report holding sampling events, offering local roasts not available in cartridge-style single-cup, providing greater hot beverage variety in one machine, being a one-stop for all service (not just coffee) and placing high-end, sophisticated equipment.

Single-cup was rated as the fastest-growing category of OCS while traditional coffee and water service were ranked second and third fastest-growing, respectively. Although single-cup is a fast growing segment, operators rank it second in overall contributions to revenues to traditional coffee which is the clear leader. The challenge with single-cup is making a good margin. Widely available cartridge-style cups can be expensive for operators, making the prices they charge look high compared to online and office supply retailers.

The bean-to-cup systems are sophisticated brewers that require

CHART 8: ACCOUNT POPULATIONS BY SIZE

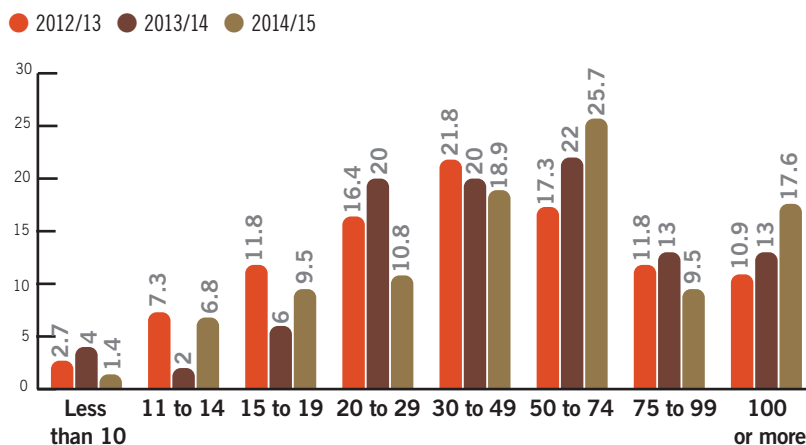


CHART 9: ACCOUNTS BY TYPE, 5-YEAR REVIEW

	2010/11	2011/12	2012/13	2013/14	2014/15
Offices	55.4%	55.8%	48.8%	45.0%	47.4%
Industrial plants	18.5	18.7	15.1	17.3	17.1
Restaurants, delis, bakeries	6.2	4.5	6.3	7.3	8.5
Convenience stores	3.5	5.2	7.2	8.3	4.7
Government/military	1.5	3.3	5.4	3.5	3.3
Schools/colleges	4.8	3.8	5.2	5.4	6.7
Retail outlets	1.4	1.9	2.11	2.7	5.8
Other (Health care/hotels)	7.6	6.9	10.1	10.5	6.5

FUEL CHARGE ACTIVITY

CHART 10A: COMPANY BILLED CUSTOMERS FOR FUEL, 5-YEAR REVIEW

● YES ● NO

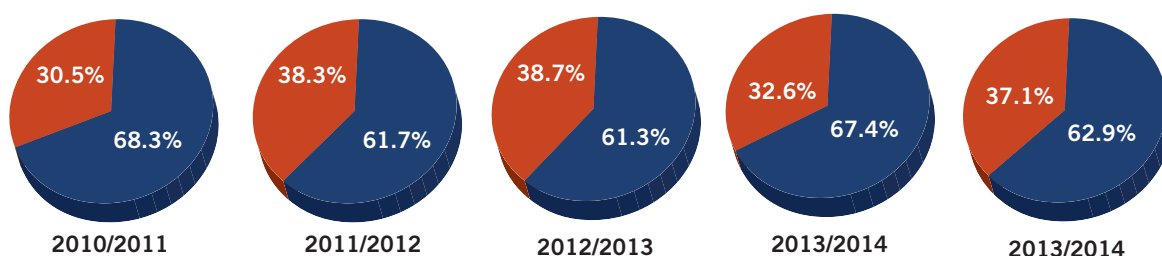
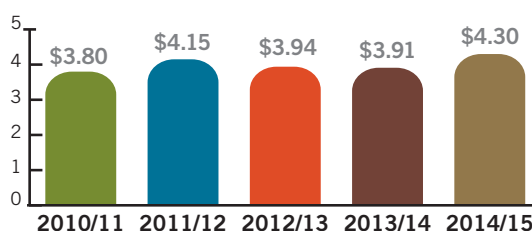


CHART 10B: AVERAGE AMOUNT CHARGED FOR FUEL PER DELIVERY, 5-YEAR REVIEW



A REAL BIG JOLT OF JOE™

Joe Martinson

YUP we did it!!!
Announcing '16 oz Jolt of Joe'.
One capsule - one large coffee!



It's the real Joe™

To learn more about Martinson® Premium Coffee and our full line of RealCup® Capsules Office Coffee and Tea Solutions, contact Mother Parkers Tea and Coffee at 1-800-387-9398.

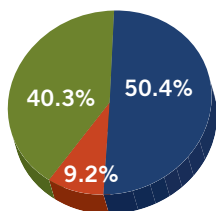
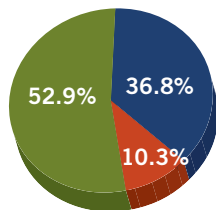
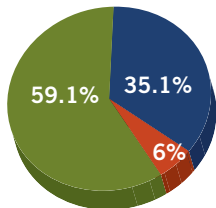
Real Partners. Real Simple. RealCup® Capsules.

realcup.com martinson-coffee.com

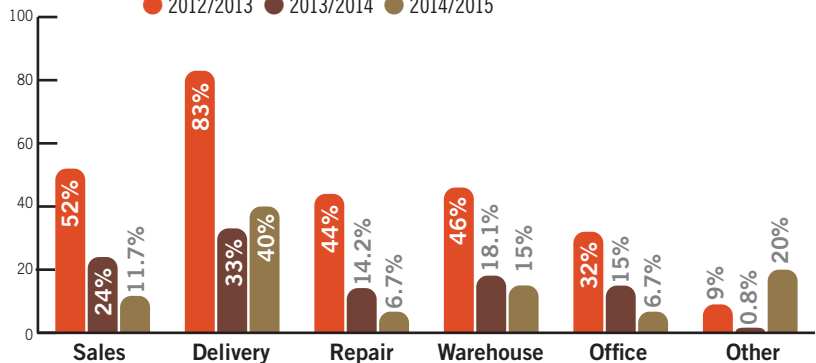


CHART 11A: HAVE ADDED OR REDUCED STAFF IN THE LAST 12 MONTHS

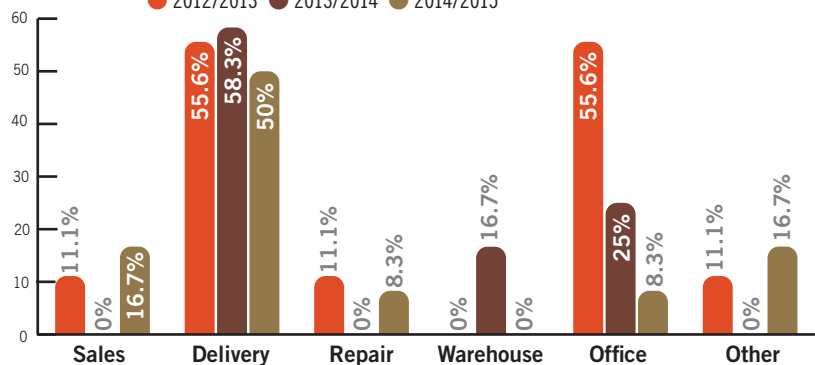
● ADDED ● REDUCED ● NO CHANGE

**CHART 11B: IF ADDED STAFF, IN WHICH AREAS?**

● 2012/2013 ● 2013/2014 ● 2014/2015

**CHART 11C: IF REDUCED STAFF, WHICH AREAS?**

● 2012/2013 ● 2013/2014 ● 2014/2015



regular cleaning and maintenance to ensure the high performance for which they're known. Operators must factor in this added service commitment when determining a price for clients. Both of these issues are causing single-cup service not to boom in OCS — at least steadily across the country. Most operators, however, are recognizing it as a viable solution that fits the needs and requests of many locations.

Coffee perception increases opportunities

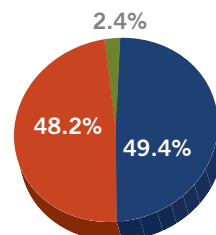
The number of locations served by OCS providers increased in 2014 to 2015. Much of this was due to consolidation in the industry, but based on operator comments, a majority was from marketing and sales efforts made by management. Many altered the way their company solicited new business. More resources were dedicated to marketing, including

new company Websites that include better SEO (search engine optimization) making it easier for customers to find them/their service when searching online. Websites were also enhanced with online ordering features, which drove sales (chart 13).

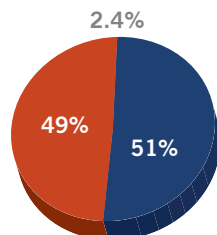
Locations identified by size also saw a change this year, said operators (chart 8). Smaller workplaces grew into larger ones, driving up the percentage of 11 to 9 person accounts

CHART 12A: HAVE ADDED PRODUCTS THAT ADDRESS ENVIRONMENTAL CONCERNS, 5-YEAR REVIEW

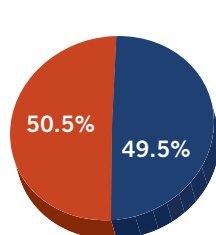
● YES ● NO ● DON'T KNOW



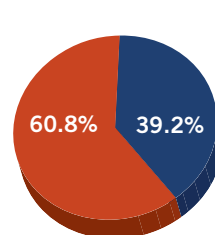
2010/2011



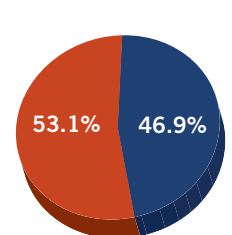
2011/2012



2012/2013



2013/2014



2014/2015



coffee, tea
and everything else you need

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

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

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

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

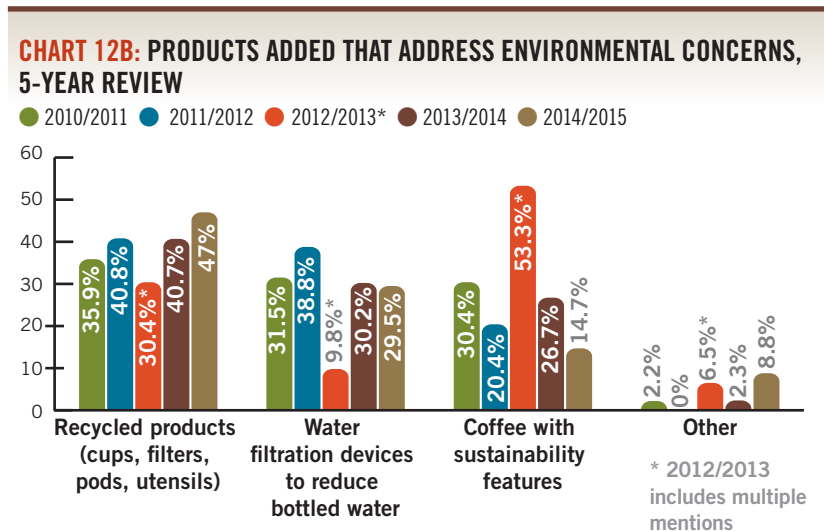
VISTAR | vistar.com
1.800.880.9900



served. The 100 plus locations also showed a substantial gain driving up same location sales revenues.

Office locations still lead the OCS marketplace, comprising 47.4 percent of revenues for OCS providers (chart 9). That is higher than in previous years, likely due to the gains in the economy and expanding workforces in white collar America. Since July 2015, 27,000 professional and technical service jobs have been added equaling more than 300,000 over the past 12 months, according to the U.S. Bureau of Labor and Statistics. This pushes the coffee service industry upwards for that segment.

For the remaining location types, most stayed relatively steady, such as industrial plants which made up 17.1 percent of business, compared to last year's 17.3 percent. Convenience



store service saw the most severe drop of 3.6 percentage points with operators moving towards other retail outlets instead, which saw an increase of 3.1. According to NCA drinking trend data, consumers tend

to rank quality low on the list when expressing why they buy coffee at a convenience store. This perception could be a contributing factor to the decline in OCS providers servicing convenience stores.

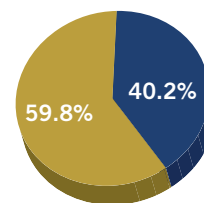
**Vending Single Cup Coffee Is
BIG BUSINESS**
Make it *Your* Business

1-800-945-6092

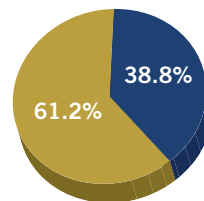
COFFEESMART.COM

CHART 13: COMPANY CURRENTLY OFFERS ONLINE ORDERING ON ITS WEBSITE

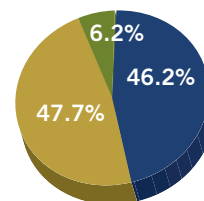
Legend: YES (Blue), NO (Yellow), DON'T HAVE A WEBSITE (Green)



2012/2013

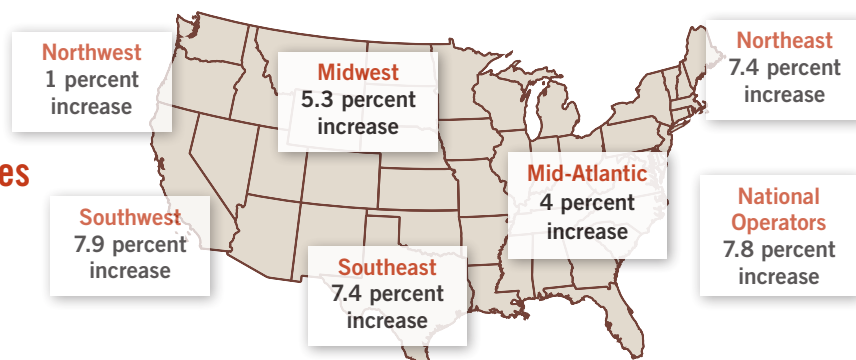


2013/2014



2014/2015

Average Total Sales Revenue Change Per Region



Final thoughts

While few of the charts in this report show technology use, it's important to point out that its prevalence is increasing in OCS as well as other industry segments like vending. Operators are investing in OCS software. In 2015, 35.9 percent indicated that they use an industry-specific software system and 4.7 percent use the same system for both OCS and vending. Adding a software system usually produces a more efficient and cost-effective operation, driving up profitability.

Competitive pressures — from coffeehouses and office supply companies, for example — are the greatest challenges for OCS. OCS providers are able to compete by dedicating sales resources and building sales models with value-added amenities. This focus, coupled with meeting the needs of consumers who pine for customized, quality coffee, will keep OCS on course. | ◀

Methodology

The *Automatic Merchandiser State of the Coffee Service Industry Report* is compiled from a survey sent to OCS operators, as well as operator interviews. The 2015 report is based on a 5.5 percent response rate to the survey and includes full-service vending operators who offer OCS as well as operators who only provide coffee service.



NEWCO
NewcoCoffee.com
1.800.325.7867




CX-3  OR 

- A Specialty Drink Machine
- Over 90 Recipes
- Pod Or Capsule Operation
- 2 Soluble Powders, Milk & Chocolate

IN STOCK, IMMEDIATE SHIPMENT AVAILABLE

SINGLE? JUST THE WAY YOU WANT IT!
Perfectly DELICIOUS single serve coffee on demand.





- Revolutionary New Brewing System
- 2 Coffee Bean Dispensers
- 3 Soluble Powder Dispensers
Cocoa / French Vanilla / Milk
- Easy Set-Up & Configuration
- Low Maintenance Requirements
- Wireless Capabilities
- External access (no dedicated caretaker)
- Counter footprint is considerably smaller

**IN STOCK
IMMEDIATE SHIPMENT AVAILABLE**

ORDER YOURS TODAY! 1.800.325.7867



Focus On The Bigger Picture

By Emily Reformat, Editor

OCS has become a misnomer as providers offer much more than just coffee.

OCS is a steady growth area. However, one thing many operators forget is that OCS doesn't have to mean just coffee. Sometimes, the largest OCS accounts, per revenue, drink very little coffee. What is making up the rest? A large portion is

pantry service. The remainder could be anything.

Offering the extraordinary

Pantry service is a lucrative add-on to OCS. It is simply defined as charging a location for delivery of coffee



and other items, such as food, that is served freely to the employees at the location. Really, the delivered items could be anything.

“Strawberries. Mayonnaise. Pickles. You name it, they want it. They want it now,” said Chuck Walton, managing partner at Ace Vending Inc. in Tempe, AZ, during the 2015 OCS Thought Leaders’ Breakfast sponsored by Smucker’s Foodservice. “It’s employee retention,” Walton added. And it works. Walton decided to test it in his own company. His warehouse

workers wanted a raise. Instead, he built them a pantry. “Now they can make their own sandwiches. They didn’t get a raise, but are happy because they are eating for free,” said Walton.

“In the pantry business, coffee only represents 14 to 15 percent of our total OCS volume,” said Scott Berman, vice president of refreshment services at Canteen. “The young people aren’t drinking coffee. They are drinking iced tea, or iced tea combinations, specialty beverages, non GMO, healthy, grown right, etc.” This has been one of the drivers to the Canteen pantry service. Berman has noticed that in competitive job markets, companies must provide free, high-quality food and beverages, because along with pay and insurance, edible perks are on a job candidate’s checklist before accepting.

Becoming a distributor on wheels

There are many operators in the OCS segment who are beginning to see themselves differently, according to Chip Potter, vice president of communications and information services at NAMA.

“Some operators are seeing television advertising of the office product companies actually in a breakroom. These operators are nervous the office product companies will start advertising about refreshment products. It’s causing them to think twice about their own businesses. ‘Do I need to step back and change the lens of what business I’m in? I have a truck and it’s on the road visiting these accounts. What should I put into that truck that is really going to

“Strawberries. Mayonnaise. Pickles. You name it, they want it. They want it now.”

Chuck Walton, managing partner at Ace Vending Inc.

lock a customer in for me?” said Potter. This is where pantry, and other supplies, such as paper towels, cleaners and even printer paper might be an option for the operator to offer.

“We do whatever we can at this point,” said Kevin Searcy with Golden Brew Beverage and deORO Markets. “There’s so much competition out there, there are so many different specialties...these different companies, they only sell this or they only sell that. We sell everything.” While this is a focus for Searcy, he sees even more potential out there and is often limited by what will fit on his truck. “We’ve tried really hard over the last few years to maximize our trucks and with the prekitting and stuff that we’ve done, there is now more room for add-ons. That’s made a huge difference,” said Searcy.

To expand OCS, to grow revenues, it’s worth putting a different lens in front of your business. OCS isn’t just coffee, but pantry service, office products and anything else that can grow incremental, same-location sales. | ◀

“There are so many different specialties...they only sell this or they only sell that. We sell everything.”

Kevin Searcy, Golden Brew Beverage and deORO Markets



PRODUCT ROUNDUP



Total Lite

CAFECTION ENTERPRISES INC.

The Total Lite is the sleekest bean to cup coffee machine from Innovation Series. It offers the advantages and quality of a Cafecion coffee machine with less space requirements! As an Innovation Series brewer, the Total Lite can be managed remotely with Cafecion's Management Tool PRO. Thanks to a high performance cellular connection, this application simplifies your life and helps you reduce your bottom line expenses through a high technology system. Energy saving schedule, ingredients levels indicator, email warnings and notifications, online ordering and much more! Every aspect of our secure Web-based application will help you save time and energy.

VendingMarketWatch.com/12106787

Extra Strength Peach Mango Flavored 5-hour ENERGY® Shots

LIVING ESSENTIALS

Living Essentials, LLC announces that its new peach mango flavored Extra Strength 5-hour ENERGY® shot is available to order now. The new flavor joins strawberry watermelon, sour apple, grape and berry to become the fifth extra strength variety of the popular energy shot, which also has six regular strength flavors as well as decaf.

To order peach mango flavored Extra Strength 5-hour ENERGY® contact your distributor or a 5-hour ENERGY® sales representative at 866-960-1700. The ship date is Nov. 2.

VendingMarketWatch.com/12107825



Folgers Filter Packs

J.M. SMUCKER CO.

Folgers® delivers the Total Package. Our ready-to-brew filter packs provide ultimate convenience and consistent quality without the extra effort. Each pre-measured coffee and round filter-in-one brew one delicious, flavorful pot of coffee — no measuring involved or mess of loose grounds. Learn more about how Folgers Filter Packs can work for your office.

VendingMarketWatch.com/12103797

Wolfgang Puck Coffee Announces Compostable Pod Packaging

WOLFGANG PUCK COFFEE

Launching Fall 2015 — Wolfgang Puck Coffee is committed to doing our part to create a cleaner environment for future generations. We are excited to announce that our WP Coffee Pod Film will now be 100% compostable! Additionally our premium roasting plant is bullfrogpowered™ by renewable energy resources. Raise your cup to living WELL!

Wolfgang Puck

VendingMarketWatch.com/12106784





Sure Tamp™ — A Fresh Canvas For Beverage Innovation

BUNN-O-MATIC CORP.

A profitable espresso beverage program that delights your customers requires equipment that is embraced by staff, safe to use, intuitive, consistent and easily maintained. BUNN Espresso® Sure Tamp™ is your fresh, new canvas for successful beverage innovation and execution.

We dedicated our best engineering and materials knowledge in designing our exclusive Sure Tamp process. It uses a patent pending process for milk delivery with a knife blade of steam injected into the chamber, delivering both hot and cold foam.

Picture Prompted Cleaning™ displays high resolution photograph tutorials on a large 7" touchscreen to guide the operator step-by-step through cleaning techniques.

VendingMarketWatch.com/12106766

Cafejo Caramel Creme Single Serve Cups

CAFEJO

Cafejo Caramel Creme Single Serve Cups are slightly sweet caramel taste with a clean and mellow finish. (Also available in decaf) Cafejo single serve cups are packaged in a 99+% Nitrogen environment to ensure freshness. Each brew delivers a wonderfully flavorful cup of aromatic coffee. No old-fashioned bleached paper filters here. Cafejo's single-serve technology uses a tightly woven Micro-Fabric filter, which ensures the perfect extraction of your coffee without the unwanted partials and sludge in your cup. Cafejo has been on an incredible journey to find, blend and brew the best ingredients in the world. Our unique blends deliver an exceptionally smooth, rich never bitter taste — cup after cup. Whether you choose our bold French Roast, delicate Green Tea, or rich Hot Chocolate...Cafejo has a world of choices to satisfy everyone's tastes.

VendingMarketWatch.com/12107151



Our most distinctive roast, available in single-serve.

At Gaviña, we believe that "office coffee" and "gourmet coffee" should be one and the same thing. Four generations refining our family roasting process helps ensure the single-serve cup offered in the breakroom is the equal of the cup at your favorite cafe.

Coffee compliments of employer. But the perfect roast, that's on us.

Call us for samples.



[gavinacoffee.com](https://www.gavinacoffee.com)

[gavinacoffee.com](https://www.gavinacoffee.com) | 1.800.428.4627



© F. Gaviña & Sons, Inc. 2015



PRODUCT ROUNDUP

Nestlé Waters North America Portfolio

NESTLÉ WATERS NORTH AMERICA

Nestlé Waters North America is a leading branded bottled water company in America with a portfolio that includes top brands like the number one ranked bottled water brand Nestlé® Pure Life® purified water, market leading spring water brands and imported brands and ready to drink iced teas.

VendingMarketWatch.com/12107254



Follett Corp. 15 Series Ice, Water Dispenser

FOLLETT CORP.

The new 15 Series ice and water dispenser delivers customer-preferred Chewblet® nugget ice in a compact, drainless design that fits in spaces where other ice makers can't go. The 15 Series is available in both countertop and freestanding models, holds 15 lbs of ice, and makes 125 lbs per day. The sanitary, capacitive touch dispensing feature eliminates direct contact with ice.

VendingMarketWatch.com/11304630

**REWARD YOUR
FAVORITE
ROUTE DRIVER
FOR A JOB WELL DONE**



Nominate your favorite route driver for *Automatic Merchandiser's* 12th Annual Route Driver of the Year Awards and a chance to win a trip to the 2016 NAMA OneShow in Chicago.

To nominate a driver or view complete contest rules, visit vendingmarketwatch.com/awards/route-driver-of-the-year

Snack & Dessert
SOLUTIONS

g+ p YouTube

1-855-202-3913
fs-snacks-desserts.com

Mondelēz
International

Sign up online for *Snack & Dessert Solutions*, a free program designed to help build your business.

©Mondelēz International group



Don Francisco's Family Reserve® Portion Packs DON FRANCISCO'S COFFEE

Each Don Francisco's Family Reserve® coffee is carefully roasted to reveal its unique flavor, aroma and overall taste to ensure you'll get a rich and flavorful cup every time.

Our 2.5 oz. portion packs are perfect for your office break room or anywhere you brew potted coffee!

Contact us today for details and to request a sample!

VendingMarketWatch.com/12106773



Tulu Premium Iced Tea CADILLAC COFFEE CO.

Tulu Tea was inspired by the burning sands of China's northern desert and the Silk Road oasis known as Tulufan desert, where ancient traders quenched the thirst of history. Fast forward to a time when the journey may not be as long but the sun burns brighter than ever — and a thirst for adventure endures. Whatever your destination, whether it be a front porch in Tennessee or the finest restaurant in Detroit, Cadillac Coffee Company is proud to offer Tulu Premium Iced Tea as your everyday companion on the road to timeless refreshment.

VendingMarketWatch.com/12106777

OCS

Holiday House
DISTRIBUTING
ESTABLISHED 1981

HOMELAND
WATER FILTERS
★ MADE IN THE USA ★

VENDING WATER

P: 800-443-4318

F: 800-863-7041

info@HHDonline.com

www.HHDonline.com

Learn To Grow At The CTW



Chip Potter, vice president of communications and information services at NAMA, gives insight into the premier coffee services event taking place Nov. 2 to 4 in Washington, D.C.

AM: Chip, can you give readers a brief insight on what to expect at this year's CTW?

CP: CTW remains the premier, go-to event for the coffee services industry. Folks have the opportunity to participate in meaningful education

sessions that cut across all aspects of coffee, tea and water, as well as sessions to help operators improve their profitability and make better strategic decisions. There is ample networking time to meet with colleagues and make new connections, and to learn about the latest products and services. The interaction among attendees is unlike any event in our industry.

AM: What educational programs can attendees look forward to?

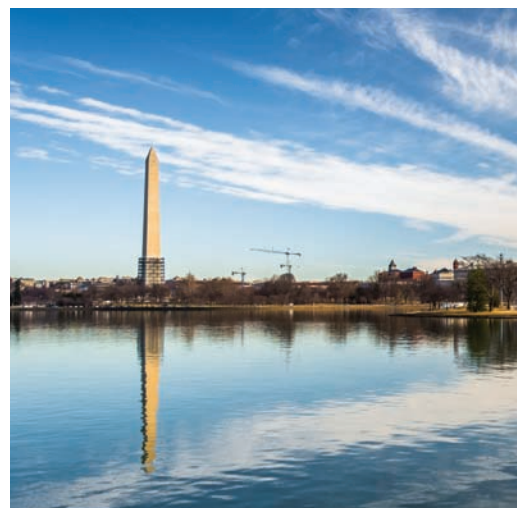
CP: We have sessions dedicated to improving sales success by promoting added-value services, creating product bundles and improving the way operators evaluate new business opportunities.

We have a special session around the "State of Coffee Services," with roundtables where participants create new ideas to leverage the latest trends into action plans. We have personal and business development sessions, such as best practices in operations, using social media to promote your business and how rewards programs can be implemented for success.

Lastly, we have a special session for business owners looking to transition their business to family members or other partners.

AM: How might the event's location impact CTW activities and turnout?

CP: Our location city this year – Washington, D.C. – provides unique and



exciting opportunities for our industry to network and we invite attendees to visit with their elected officials while they're here. We also encourage attendees to check out the many independent coffee shops in the area, or to just enjoy the many attractions of being in our nation's capital.

AM: Many readers go to CTW to view the newest trends in OCS. Is there one trend attendees can expect to see?

CP: Operators are eager to promote specialty beverages in their offerings, and to introduce alternative beverages such as water and tea to their customers. In our QCCP program, we will also review cold brewing as a way to create something exciting with customers. Cold brew is an exciting trend that is ready to expand in our industry.



CTW leadership is hard at work making 2015's show one to remember.

W Show



AM: On Tuesday, Nov. 3, Women in the Industry (WIN) will be hosting a 4k (2.5 mile) walk/run. Can you give more details on this inaugural event?

CP: The 4k is going to be great! For some of us, it will truly be a “race” but for others, it’s a good opportunity to connect with old and new colleagues, to have a refreshing exercise to kick off the day and to do something healthy for yourself. A percentage of the proceeds will go towards the NAMA Foundation to benefit the Fit-Pick® program. Runners and walkers can register by Oct. 15 at <http://www.coffeeteaandwater.org/attend/fun-run-walk>. | ◀



For more information on how to register for this year's CTW and to stay up-to-date on the event's offerings, visit www.coffeeteaandwater.org.

MONDAY, NOV. 2

7:00am - 7:00pm:
Registration Open

7:00am - 5:00pm:
Coffee's On!

7:30am - 12 Noon:
QCCP Brewing Technologies *Separate registration fee required
Speaker: Mike Tompkins, Coffee Products Associates

8:30am - 12:15pm:
TechTalks

1:00pm - 2:45pm:
Opening General Session: Driving Growth through Innovation
Keynote speaker: Seth Goldman, Honest Tea

3:00pm - 4:00pm:
Education Sessions: Internet Coffee Service – Opportunity or Adversary?
Speakers: Ken Shea, G & J; Kirby Newbury, DiscountCoffee.com

The State of Water in the OCS Industry - Today and Beyond
Speaker: Robin Householder, Crystal Coolers

The Hows and Whys of Implementing a Loyalty Program
Speaker: Dr. Mike McCall, Michigan State University

4:15pm - 5:15pm:
Education Sessions: Sell the Sizzle: Beat the Competition by Delivering Service and an Experience
Moderator: Mike Tompkins, Coffee Products Associates

Panelists: Linda Salanda, Southern Refreshments Services; Paul Tullio, Gourmet Coffee Service; Timothy Bielaski, Royal Cup Coffee



Don't miss the W.I.N. 4K Fun Run/Walk.

Sustainability and Social Responsibility
Speaker: John Turenne, Sustainable Food Systems

Promote Your OCS Business through Digital & Social Media
Speaker: John Healy, Healy Consulting Communications

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

TUESDAY, NOV. 3
6:30am - 8:00am:
WIN Fun Run/Walk

7:00am - 6:00pm:
Registration Open

7:00am - 12 Noon:
Coffee's On!

7:30am - 12 Noon:
QCCP Coffee Fundamentals
Speaker: Mike Tompkins, Coffee Products Associates

9:00am - 12:15pm:
Bubbles, Blends and Brews: The State of OCS
Speakers: Mike Dabadie, Heart+Mind Strategies; Chris Stevens, Mendoza College of Business at University of Notre Dame

12:30pm - 6:30 pm:
Trade Show Hours

12:30pm - 2:00 pm:
Attendees Lunch in Exhibit Hall

5:30pm - 6:30pm:
Reception in Exhibit Hall

WEDNESDAY, NOV. 4
7:00am - 12 Noon:
Registration Open

7:00am - 12 Noon:
Coffee's On

9:00am - 9:45am:
Education Sessions House in Order: Prepare Your Business for Sale or Ownership Transition
Speaker: John Salaterio, Consolidated Services Group

Which Single Cup Technology is Right for You?
Speaker: Dave Carroll, Southern Refreshment Services

Improve Customer Relations with Generational Understanding
Speaker: Carla Variglotti, The Cuyahoga Group

10:00am - 11:00am:
Education Sessions As the Market Heats Up: How to Position Yourself Against the Competition
Moderator: Scott Berman, Canteen Refreshment Services

Panelists: Dan Ragan, Pod Pack International; Tom Steuber, Associated Services

Create a Plan to Manage Your Company through Disaster
Moderator: Tara Burnaman, DS Services of America

Manage Your Time to Drive Business Growth
Speaker: Patrick McMullan, Three Square Market, TurnKey Corrections, American Institutional Supply

11:15am - 12:15pm:
Closing Session: Tea Time with Stephen Twining
Speaker: Stephen Twining, Twinings

*The schedule of events is subject to change

VAN HOUTTE
CAFE



Joel Sather believes in serving his customers top quality hot beverages through the most advanced brewers in the market.

The Capital Advantage

By Adrienne Zimmer, Managing Editor

In 2015 Capital Coffee will have its best sales year yet due to its focus on customer service, investment in technology integrations and diversified OCS offerings.

Office coffee service is a competitive and volatile business. That is why customer service is king at Capital Coffee. Fostering client relationships and maintaining superior service are two main components McFarland, WI-based Capital Coffee employs in order to stay several steps ahead of would-be competitors.

Joel Sather, president of Capital Coffee, ensures that his employees are experts on every piece of equipment that is placed with a customer and guarantees a site visit every 28 days.

Capital Coffee has grown organically through referrals and door-to-door sales calls. In 2015 the company will have the highest sales in its more than 20-year history and a nine percent growth over 2014. Despite its success, the company takes nothing for granted. "Our team works each day knowing that our biggest client could fire us at any moment, and that our smallest client could one day grow to be our largest," said Sather, "and that pushes our team to work even harder."

A natural salesman

When Sather graduated college with a degree in journalism, he immediately got what he considered a dream job working in radio. As the years went on, however, Sather found that radio didn't offer him the challenge his personality craved. "One day my brother-in-law called me up and told me that he had been exploring the



Capital Coffee's mobile app sets it apart.

coffee industry and suggested that we go into it together," said Sather. "I brushed him off but began doing some research." Eight months later in 1996, Sather quit his radio job and became a Filterfresh franchisee in partnership with his brother-in-law.

The company started off with three employees: Sather, a general manager and a route driver. Sather bought 16 single-cup machines, which totaled around \$45,000. "It was every penny I owned, plus some, and so I would look at those machines and just say, 'It's time to get to work.'" Sather, a natural salesman, went door-to-door the first day and landed six accounts.

That success continued. In its first five years of business the company doubled sales every year. "You hear things about not wanting to grow too fast but I think we just hit the market at the right time," he said.

In 2013, Capital Coffee left the Filterfresh franchise and changed its company name. That same year, Sather also purchased full ownership of the company. "We liked being a franchise and were always appreciative of the help we had in the begin-



Capital Coffee finds efficiencies in its transportation. The company has transitioned to diesel sprinter vans, which are more expensive upfront but cost less in the long run.

ning, but it was time that we branched out on our own,” said Sather. The company developed a detailed transition and rebranding plan letting their clients know several weeks in advance of the change. “We didn’t lose a single customer.”

Today the company operates in a 250 mile radius and services hundreds of car dealerships, apartment buildings, offices, healthcare facilities such as hospitals and even some foodservice locations and country clubs throughout much of Wisconsin, from Madison to Milwaukee, Janesville to Green Bay and one Minnesota location.

Not in the price battle

Transparency with clients is a key focus for Capital Coffee. The company has only increased prices three times in the last 20 years, and generally that has been due to manufacturer price increases. In each instance Capital Coffee has communicated with customers in advance to let them know about the price change. “Generally no one has had an issue with this, as they understand the ebb and flow of business,” said Sather.

Capital Coffee has been successful retaining its customers by selling on quality first while maintaining a competitive price. The company believes in giving con-



Jen Wells, general manager, plays an important role in the company's continued growth and success.

sumers a total coffee experience from high-tech brewer equipment to gourmet hot beverages. Potential customers who are more concerned with price than taste are not always the best fit for Capital Coffee.

It even shies away from private label — because it believes that roasters generally place their best coffee on their own label — and liquid coffee because it doesn’t result in the same high-quality product Sather’s customers have come to expect.

Instead, Capital Coffee offers a majority of the national brands and a handful of local roasters including Steep and Brew, Ancora, and Stone Creek through bean-to-cup, batch brew and single-cup brewers. Although local brands are more expensive than national brands, they are competitive, and Sather has found that some customers prefer to offer a local favorite. Canada-based brand Van Houtte, however, is Capital Coffee’s top-selling coffee.

Capital Coffee has seen consumer coffee and hot beverage expectations increase over the years, including this one. “I can tell that the economy is picking up because I have more locations asking for Starbucks, which is a sign that consumers are willing to spend more,” Sather said. This is a good sign for the company that focuses on introducing quality, high-tech brewers to customers.

The future of OCS

Sather believes high-tech brewers are the future of OCS. He points to a brand new, sleek VKI Eccellenza Touch brewer. “This is the future of OCS, I guarantee it,” he said. The Eccellenza Touch, a bean-to-cup brewer, is equipped with a high-definition, user-friendly 10.1-inch touchscreen and offers more than sixty different hot beverage options. Sather has had this particular machine on display and for use in his office for the last few months, testing the machine before it is placed with a customer. “We always test equipment before we give it to a customer because we need to be the experts on the way the machines function,” said Sather, who recently signed a contract with a



PHONE: 1-866-736-5282 FAX: 1-800-216-6606
sales@coffeepartsplus.com
















Booth 311



Coffee Accessories, Parts and Water Filtration
www.coffeepartsplus.com



Take the 5-hour ENERGY®

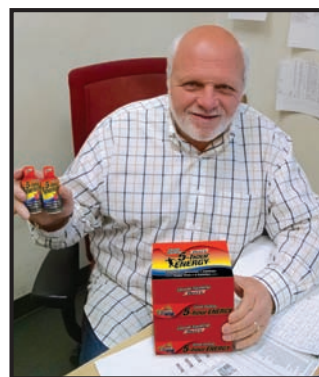
CHALLENGE

Add 5-hour ENERGY® shots to your vending machines and enjoy incremental turns and huge profits



Add your free vending coil and watch your profits grow!
(Product not included.)

"I put 5-hour ENERGY® in at Kean University. It worked very well, so I branched it out to other schools. It's really taken off. Sales have skyrocketed. I can't believe how much students love 5-hour ENERGY®. It turned out to be one of the best items in years. It's a good, consistent mover, especially as a higher price point item."



Tom DiNardo, CVV

Adding 5-hour ENERGY® shots to traditional vending has been a huge success for our company. Not only do they sell extremely well, they also have a very acceptable turn ratio in full line vending. The most significant piece of the addition, however, has been the ability to add a price point that is much higher than we have typically been able to get.



Dick Hanson
Executive Director
Buffalo Rock Company

5-hour ENERGY®

Call Bob Maxfield • 248-960-6156 • bob@fivehour.com

Living Essentials, LLC • 38955 Hills Tech Drive • Farmington Hills, MI 48331

These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease.

©2015 Living Essentials Marketing, LLC. All rights reserved.

car dealership to place one machine in each of the company's dealerships.

Alongside the Eccellenza models, Capital Coffee also offers other single-cup brewers including Starbucks' Interactive Cup Brewer, The Café Mio Brewing System, Keurig, BUNN, Bloomfield, Avalon and Flavia. A personal favorite has been VKI's Suprema, which Sather calls a "work horse." Capital Coffee will only place brewers that it believes offer an integrated consumer experience. This includes offering gourmet beverages such as cappuccinos, lattes and mochas, as well as a 21st century design, which can include touchscreens. "I can't fake it," said Sather. "If I don't like a machine, I won't put it with my customers, simple as that."

Each year Capital Coffee purchases between \$100,000 and \$150,000 in coffee brewer equipment

and spends around \$5,000 per month on parts. Sather notes it takes about two years to get back a return on some of his more high-tech machines.

Millennials and even Generation Z consumers motivate Capital Coffee to provide machines on the cutting edge of technology. "I have a

daughter who is 11 and these young people, they want the good stuff," said Sather, who attends NAMA each year in order to stay with the most current trends in technology and coffee. "I always want to see what my competition sees. This year I was happy that I was already familiar with all

Lessons From Vending

In the early 2000s, a Capital Coffee client asked Sather if he would be willing to service vending, as well as coffee, and so Sather obliged. Within a small amount of time Sather had 20 vending accounts and found himself spending hours filling machines and less time on coffee. "My phone rang constantly about problems with the machines," said Sather. "With vending, you have to go all in and you need to do the volume to make it worth it and I knew I was never going to be big into vending," he said. After one year, Sather decided to sell his vending routes.

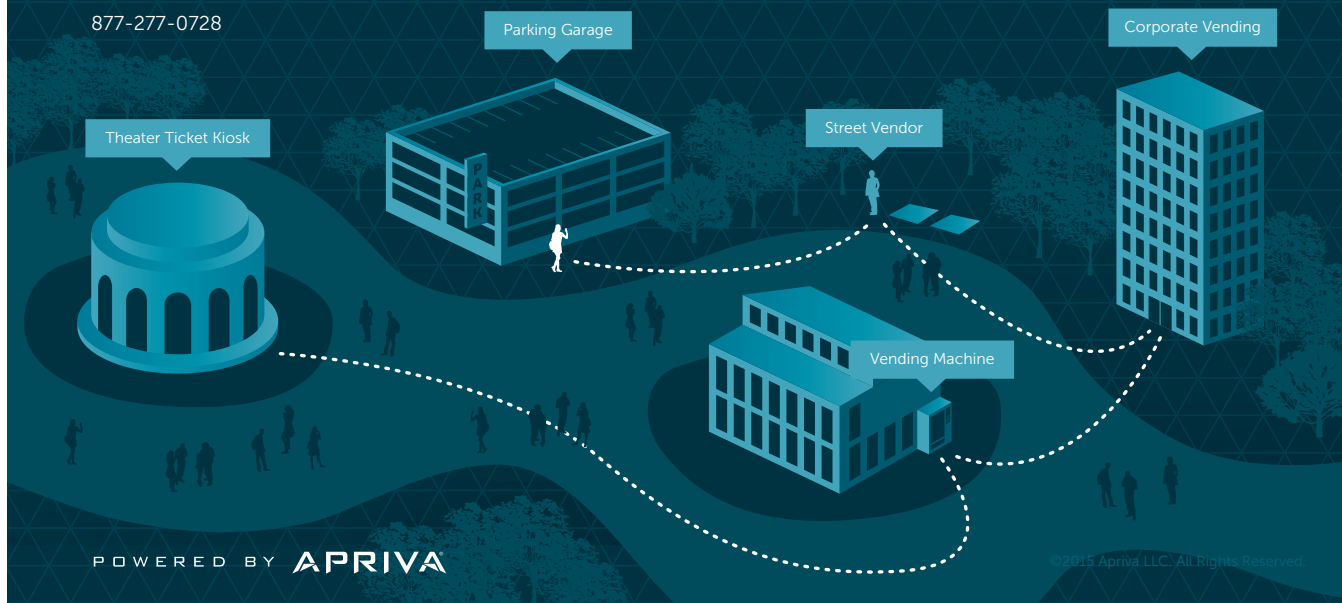
"We really wanted to focus on what we do best, and that is coffee," he said.

WHERE CASHLESS HAPPENS

Apriva delivers the flexibility that the evolving world of cashless commerce demands. By connecting to all major wireless carriers, over 35 payment processors, key hardware providers, and offering a robust API/mobile integration, Apriva empowers you to sell anything, anywhere.

Learn more at AprivaVend.com
877-277-0728

Apriva Vend™



of the OCS brewers that were at the OneShow,” he said.

Single-cup, bean-to-cup reign

When it comes to trends, Capital Coffee takes a cautious approach. When the company first heard of single-cup in the late 1990s, it took a little bit for them to be convinced that it was something consumers would enjoy. “I’m glad I got in when I did,” said Sather of single-cup. “We started doing single-cup before single-cup was popular.”

Twenty years ago Sather remembers having to explain single-cup to his clients. Today, it’s vice versa, where his clients are asking him for single-cup coffee options.

In fact, 60 percent of the company’s coffee sales are single-cup, including bean-to-cup, and 40 percent are batch brew.

Sather has found that not only does the coffee taste better with bean-to-cup machines, but the profit margins are better, too. “You don’t have to charge as much,” he said.

In fact, Capital Coffee recently transformed the coffee experience for the University of Wisconsin-Madison Camp Randall football stadium and the Kohl Center arena by replacing liquid coffee with dozens of VKI bean-to-cup machines stocked with Van Houtte coffee.

Capital Coffee has seen an increase in its whole bean inventory, as well, due to the growth of bean-to-cup machines.

More recently Sather has read about the cold brew coffee trend but is not yet convinced. “I’d have to try it first, but in my area I’m not sure that would catch on and I haven’t had customers asking for it,” he said.

Internal technology advances

Capital Coffee provides a technologically-advanced experience for its clients both through its equipment and through its Website. In 2009, the company started an online ordering service, created by OCS Access. At first customers weren’t keen paying with their credit cards online, but today that’s not an issue. About 65 percent of Capital Coffee sales come from direct online purchases through its ordering system.

An email is triggered to the customer to let them know that it’s time to make a new order and if they don’t respond in a day’s time, another email is triggered. “It’s so efficient because our route drivers don’t have to take extra product with them and because the customer can also let us know exactly what they want and if they will be needing more product for, say,



Taste the *Perfection*
Feel the *Emotions*

Only with a Cafection coffee machine

**Visit us at
 booth #122**
 NAMA CTW • Nov 2-4, 2015

**100%
 Earth Friendly**

**Cafection^{Inc.}
 ENTERPRISES**

www.cafection.com • 800 561-6162



The company re-orders product every five weeks in order to maintain organization and efficiency in its warehouse.

a big event they have coming up that week,” said Sather. “With new customers today we tell them, ‘Online is the way we do it.’”

Last year Sather also had a local business create an app for his company that acts as a sales tool. It allows Sather to take his iPad into meetings and show a potential customer exactly what products Capital Coffee offers. “After meetings I can write up a proposal from my car and send it from the parking lot,” he said. Sather believes the app is another advantage his team has over the competition. “If a customer wants something, you find a way to get it to them, and you find a way fast.”

Accessory items

Capital Coffee also offers more than just coffee. The company introduced an online-ordering pantry service — which it calls accessory item offerings — a few years ago and sells soft drinks, juice, candy, snacks and water supplies. The company will even deliver items personally requested by individuals. This extra offering makes up 20 to 25 percent of Capital Coffee’s revenue.

Capital Coffee’s dedication to its customer resides in the belief that it should always give the customer what

they want. In 2015 a local car dealership marked its 50th anniversary and asked the company if it would be able to incorporate the event into the coffee service in any way. Capital Coffee took up the challenge and worked with a local designer to create coffee cups with the dealership’s logo and a 50th anniversary “congratulations” sign on the side.

Diverse growth segments

Another growth segment Sather has seen is water service. Capital Coffee offers the Water Logic WL250, which is a point-of-use water filtering system that uses UV technology to reduce bacterial growth. Both Sather and his clients like that about the product. “In my experience this product

saves customers money and is also “green,” which they like,” he said. Sather avoids placing bottled coolers, which he says can be cumbersome.

The iced and hot tea segments have also been solid growth areas for Capital Coffee. China Mist and Stash tea are two brands that have always sold well in Wisconsin, says Sather, who witnessed high tea sales even before the tea segment began growing in other regions.

Over the last ten years Sather has also seen an increase in the amount of fair trade and organic coffees he has placed. “We have to re-order fair trade and organic coffee every five weeks.”

Growth as a family

No matter how much emphasis Sather places on customer service, he recognizes that success starts internally. Sather considers his 13 employees part of his family and treats them as such. Capital Coffee offers employees paid time off, health coverage, 401k and dental. Many Capital Coffee employees have been with the company for more than four years and others have been there for more than 10. “Our employees stick with us because we pay them fairly and treat them like the assets they are,” said Sather.

Capital Coffee’s view of the future of OCS is well-founded optimism. In fact, the biggest challenge Capital Coffee faces is not other competition; it’s hard water. Sather says that hard water can ruin brewers and takes away from original coffee taste. To mitigate this concern, Capital Coffee changes the water filters on all of its brewers every six months.

It is this same type of care and dedication to offering the best service and product possible that gives Capital Coffee an advantage. The opportunities ahead for the company are endless, says Sather. “Our company already has a 20-year history and we have so much more to do.” ◀

Operation Profile: Capital Coffee

Headquarters: McFarland (Madison), WI

Owner: Joel Sather

No. of employees: 13

No. of routes: 5

Annual sales: Not revealed



Nominate yourself
or a colleague for

PROS TO KNOW

The second annual *Automatic Merchandiser* and *VendingMarketWatch.com* Pros to Know Awards recognizes vending, micro market and office coffee service industry professionals who are leading initiatives to help prepare their company, organization and the industry for the significant challenges of today's business climate. This award highlights both individual and group achievements that promote industry innovation and future growth.

Deadline for filling out a nomination form is

Monday, Nov. 2, 2015.



Nominate Today!

<https://www.surveymonkey.com/r/2015prostoknow>

Rule and guidelines can be found at: <http://bit.ly/ProsToKnow>.

Automatic Vending
MERCHANDISER MARKETWATCH.COM

STOP Losing OCS Consumers to Offsite Coffee Shops! with Coffea® Technologies

The World's **ONLY Super Automatic Bean-to-Cup** with Limitless Vacuum Technology

- ✓ Keep clients loyal by providing noticeably better taste
- ✓ Create a personalized marketing & brewing profile
- ✓ Reduce costs with the super simple serviceability

Think Inside the Cup
coffea.ca



Coffea Technologies®

Distributed in the US by Holiday House Distributing
www.hhdonline.com | 1.800.443.4318

Quality stands out.



When you've been in the coffee business for over 125 years, you've seen more than one way to brew a cup of joe. Cadillac Coffee has evolved with the times – and the technologies – to deliver coffeehouse quality products and services with the trusted convenience you expect.

Great coffee. Made easy.



1.800.438.6900

cadillaccoffee.com

Cafejo
MAKERS OF FINE BREWERS, COFFEES AND TEAS

Single Serve Cups as low as **\$0.29**

Dependable Brewers
Co-Packing Services

800-888-BREW
CafejoWholesale.com



Join the conversation.

Find out the latest news, network with fellow operators and distributors, keep your finger on the pulse of the vending, OCS and micro market community.

Automatic Vending
MERCHANDISER MARKETWATCH.COM

THE HEALTHY ALTERNATIVE
Experience the Freeze-Dried difference



The easy, convenient, no mess way to eat more fruit.
No Sugar Added, No Preservatives, just 100% Fruit.
The perfect anytime snack!



CONTACT US FOR SPECIAL VENDING PROMOTIONS
585-343-3007 | ordering@brothersallnatural.com
www.brothersallnatural.com



SERVE THEM WELL

Serving great coffee starts by serving those at its source. Not only are they critical to ensuring quality in every cup, they're also on the frontlines of sustainability. At Royal Cup, we seek daily to responsibly support and serve our growers, so you can serve your customers with complete peace of mind.



SINCE 1896



ROYAL CUP
ROYALCUP.COM

Marketplace

MAIL AD COPY TO: Automatic Merchandiser,

Attn: Michelle Scherer, P.O. Box 803, Fort Atkinson, WI 53538-0803

Inquiries to Michelle Scherer: Toll Free: 800-547-7377 x1314 • E-mail: Michelle.Scherer@VendingMarketWatch.com

Aker Service Co

Coin & Currency Counters
New & Used

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

(859) 225-8244

Lexington, KY

www.cashhandlingsolutions.com



NOW HIRING!

- Sales
- Technicians
- Client Outreach

Serving South Jersey
& Philadelphia area!

www.capitolbeverageserv.com
856-755-1000



3M™ Water Filtration Products
for Office Coffee, Water and Vending
1-866-990-9785
www.3MFoodservice.com

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

Hottest selling combo on the
market today!!

On Sale Now

Vending Machine Sales

888.401.8363 • 800.313.1821

www.vendingpriceline.com



MAKE THE RIGHT CALL

Advertise in Automatic Merchandiser!

CONTACT Michelle Scherer FOR MORE INFORMATION:

1-800-547-7377 x1314 • Michelle.Scherer@VendingMarketWatch.com

Saverino & Associates, Inc.



Jennifer Saverino
Executive Vice President

Ph 630-868-2624
Cell 312-203-8363
800-242-6036
Fax 630-653-2390

538 Randy Road
Carol Stream, IL 60188-2122
Jennifer@TeamSaverino.com
www.TeamSaverino.com

Sales & Marketing Specialists

ATNIP CO., INC.

OVER 50 YEARS OF WRITING THE ORDER Est. 1962

PremierBrokerPartners
Sales & Marketing

Larry Atnip

Office (800) 660-2864

Cell (714) 747-5930

larryatnip@atnipco.com

1414 W. Commonwealth Ave.
Fullerton, CA 92833

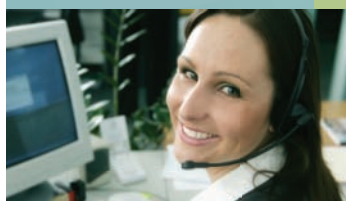
atnipco.com

premierbrokerpartners.com

Proven Relationships. National Coverage.

Vending Partnership Program

*Lead Generation and Appointment
Setting for Operators, Distributors, and
Manufacturers in the Vending Industry*



Let us make the
COLD call and
send you the
HOT leads!

Your salespeople can focus
their valuable time and energy
on closing sales and acquiring
new customers for your vending
business—rather than sifting
through hundreds of cold calls
to find a few prospects who
might need your company's
products and services.

NuAge

MARKETING SOLUTIONS, LLC

P. O. Box 85
Rockwell City, IA 50579
debjudas@iowatelecom.net

(800) 684-0393
(712) 297-8317 Fax
www.nuagemktg.com

Time is running out!

**Don't miss out on
advertising in the next issue
of Automatic Merchandiser.**

Contact Michelle Scherer

for more information

1-800-547-7377 ext. 1314

Michelle.Scherer@VendingMarketWatch.com



ALABAMA BAG

CO., INC.



QUALITY MONEY BAGS SINCE 1908

www.alabamabag.com

P. O. BOX 576

FAX: 256-362-1801

TALLADEGA, ALABAMA 35161

TOLL FREE 1-800-888-4921

ADVERTISE HERE

Contact Michelle Scherer
for advertising information:

800-547-7377 ext. 1314

Michelle.Scherer@VendingMarketWatch.com

THINKING OF SELLING?

Call us first.

Over 55 Years of Combined Industry Experience

Jerry: 516 621 7159 | Stan: 914 921 6341

JS Business Services, LLC

M&A and Consulting for Vending and OCS Business

www.JSBusiness-Services.com



VERTEX

WATER PRODUCTS

Montclair, California

800-627-2146

(909) 626-2100

fax (909) 626-3535

info@VertexWater.com

PureWaterCoolers™



Point of Use Dispensers

2 and 3 Temperature
Floor Standing
& Counter Top

A Full Range of Models at Affordable Prices - visit our website for more info

www.VertexWater.com

Really

Do You Know What Your Drivers Are Doing?



Our average customer:

- Saves 20% off their fuel bill,
- Eliminates unauthorized vehicle use,
- Gets in additional stops per day,
- And sees overall improvement in driver safety.



GPS
NORTH AMERICA

Call now
for a
FREE TRIAL

888-760-4477 · www.gpsnorthamerica.com



2015 ROUTE DRIVER OF THE YEAR QUARTERLY WINNER

Sean Baughman

VendEdge, Roswell, GA

Baughman has been a VendEdge route driver for 17 years.

Baughman's dependability and work ethic allow him to manage his own satellite warehouse.

By Adrienne Zimmer, Managing Editor

SEAN BAUGHMAN wears many hats. To those at VendEdge, located in Roswell, GA, he is a colleague and route driver; to his congregation he is a bi-vocational pastor; to others he is the manager and operator of a successful dog kennel company; and to his nine children he is "dad." Regardless of his many roles, Baughman is known to all as "friend."

Baughman, the 2015 Route Driver of the Year Third Quarter winner, began running routes for VendEdge 17 years ago. "Sean has been with us and seen the highs, lows and everything in between of the industry for nearly two decades," said Sandy Thornton, managing partner at VendEdge. "Throughout all of the years, he has proven himself to be hardworking, flexible, resilient, dependable, responsible, concerned, thoughtful and any number of other qualities that make up an outstanding route driver."

People person

When he is on route, Baughman is always focused on his customers, who are his first priority. "His customers love him," exclaimed Thornton. Baughman listens and responds to customer needs by providing the snacks that they crave. He even repairs his own equipment so his customers don't have to suffer

"There is no one more dependable, loyal and dedicated to the job."

because of a malfunction. Thornton is grateful for Baughman's dependability, good attitude and work ethic. In fact, VendEdge executives gave Baughman the responsibility of managing his own satellite warehouse two hours north of the company's headquarters. Baughman places his own orders, manages his customers' needs and takes responsibility for his day-to-day duties, with minimal support from the main office.

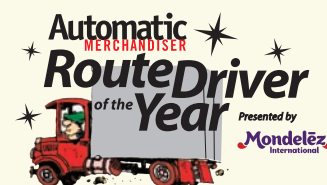
"When he does visit our main office once a week, colleagues gather around to hear a story or two of some vending antics that happened ten years ago or find out the latest on the Baughman kids," said Thornton. "Sean is truly one of the best storytellers you could ever hope to meet. And with nearly two decades in this industry, he certainly has some stories that can't be beat."

Rise to the challenge

Baughman's nearly 20-year history in vending also means that he has seen a multitude of changes, particularly in technology. When VendEdge transitioned from paper tickets to EasiTrax, Baughman remained hardworking and flexible.

When the company more recently introduced Cantaloupe Systems and added micro markets, Baughman embraced the innovation. "He made all of the transitions with ease and has always been willing to accept the changes other drivers find difficult," said Thornton.

"There is no one more dependable, no one more loyal and no one more dedicated to the job as Sean," Thornton concluded. "He is truly deserving of this honor." | ◀



Route Driver of the Year quarterly winners are awarded \$250 and are entrants for the final Route Driver of the Year award presented at the NAMA OneShow in 2016. Nominees are given a score based on experience, customer satisfaction and nominator comments. The award is sponsored by Mondelez International and Automatic Merchandiser.

ICE BOOSTS PROFITS



The compact, drainless 7 & 15 series produce 100 lbs a day of consumer-preferred Chewblet®, chewable nugget ice.

Wheat Thins popped

A WHOLE NEW WORLD OF WHOLE GRAIN



pop.
munch.
repeat.

MUST! HAVE! WHEAT THINS!

Mondelēz
International

1-855-202-3913

fs-snacks-desserts.com

Snack & Dessert
SOLUTIONS

g+

