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UNLOCK SECURITY
AT YOUR OPERATION page 12

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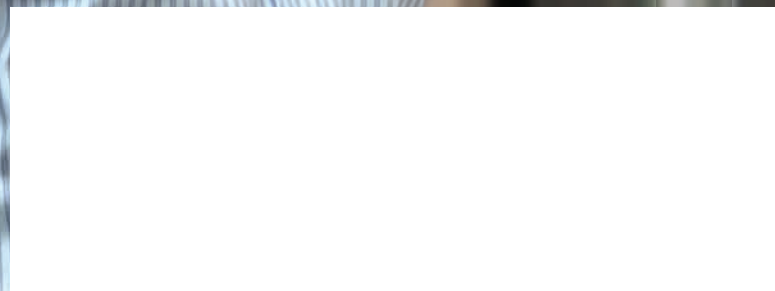
Founder and former
president Tom Hawkins
knows people can make
a big difference.

Pushing Profits

→ **PEOPLE & TECHNOLOGY**

Accent Food Services' strategic
investments in non-traditional areas
has allowed it to grow into one
of the largest Texas total refreshment
solution providers.

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▶ GUEST BLOG: 5 Tips To Build A Brand In 2015

www.vendingmarketwatch.com/12093210

▶ EDITOR'S BLOG: Could Adding A VMS Fetch A Higher Price Tag For Your Company?

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\$20.2 billion industry

▶ VIDEO: 2015 State Of The Vending Industry

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▶ VIDEO: New NAMA Chair Talks Big Ideas

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SPECIAL REPORT



Vending Industry Confidence Slips In The Second Quarter

Operator confidence dropped from 133.71 to 128.9.

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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

INTEGRATED MEDIA CONSULTANT 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, ITSL MEDIA Benedict Hume
Sales Manager
benedict@itsluk.com
+44 (0)1442 288287

EDITORIAL STAFF

EDITOR Emily Refermat
Telephone: (920) 563-1615
E-mail: Emily.Refermat@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 REPRESENTATIVE Barb Evenson
Telephone: (920) 563-1629
Fax: (920) 568-2392
E-mail: Barb.Evenson@cygnus.com

AUDIENCE DEVELOPMENT MANAGER Debbie Dumke

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CHIEF EXECUTIVE OFFICER Chris Ferrell
CHIEF FINANCIAL OFFICER Ed Tearman
CHIEF OPERATING OFFICER Blair Johnson
EXECUTIVE VICE PRESIDENT Gloria Cosby
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The Illusion Of Security

Locks do keep people out, most of the time.

I can honestly say when I started working on this issue of *Automatic Merchandiser*, I was happily naive. Each night I'd lock my house doors secure in the knowledge that it would be difficult or nearly impossible for anyone to overcome those locks without a key. Oh, how ignorant I was. As I did research and interviewed lock manufacturers, it became clear just how easy it would

be to break into my home. Potential thieves need only snap a picture of the front and back of my house key, then send those photos away to a Website offering key production with a 3D printer. I found a video describing how to make and use something called a bump key, which could also be named a skeleton key because it allows entry into any standard door lock that uses a flat key.



THEFT
*can happen
to anyone,
anytime.*

I began feeling a bit paranoid. I started thinking about what was in my house — What do I have that would motivate someone to break-in? Not a great

deal. However, that is not the case for vending operators. There are hundreds of dollars in each vending machine with countless assets in the warehouse, trucks and offices. Vending machines at least have an advantage. Most operators install tubular locks, which make it more difficult to reproduce a key using photographs.

Reasonable security

Vandalism and theft continue to be issues and the Internet's endless "how to" videos and articles make it even easier to learn how to overcome any lock. What then is the answer?



Tubular locks add an extra layer of security over flat keys.

I'm not sure there is one. Acceptance, maybe. It's important, however, to buy quality locks and stay vigilant to protect yourself as much as you can. Practice other security tips as well, many of which are discussed in the article on page 12.

Beyond that, know that theft might happen at any time. It's a fact of life. However, you never have to be a victim without a course of action. Once you identify a problem or potential problem, it's time to contact a security professional and see what kind of enhanced lock they can offer in order to address the specific issue. It might be a drill resistant lock face or electronic lock that denies entry after a certain point in time. There are lots of options out there, for vending machines as well as other facilities.

I really had to come to terms with my illusion of security — something operators must do as well. We are only as secure as the locks we use make us feel and the honesty of the people that surround us. Vending crime continues to happen, but luckily locks continue to evolve to thwart these attacks. | ◀

Correction: On another note, there has been a correction for chart 14B within the 2015 State of the Vending Industry Report from the June issue. The numbers for the chocolate share change as well as the cookies/crackers % of sales were incorrect. We apologize for any inconvenience this error caused. The digital edition on VendingMarketWatch.com is correct.

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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.



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

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NAMA Hosts Inaugural Capitol Hill Fly-In

More than 200 NAMA members and guests convened in Washington, D.C. for the association's Take the Hill inaugural Fly-In July 21st and 22nd.

"This first-ever Fly-In was a tremendous success by any metric," Eric Dell, SVP of government affairs said. "We are blown away by the support this event received from our members, sponsors and legislators. The impact and value of the relationships we've enhanced with lawmakers is critically important as we expand NAMA's footprint in Washington. The Fly-In demonstrated advocacy in action without question and will help move the needle on the industry's most significant issues."

Attendees representing 35 states plus D.C. took part in more than 180 meetings with elected officials and their staffs from both the Senate and the House. Participants met with a record 62 percent of the U.S. Senate and 29 percent of the U.S. House of Representatives, reaching a total of 35 percent of congressional offices overall. Discussions focused on Calorie Disclosure/Health and Wellness, the Small Business Regulatory Flexibility Improvements Act and Coin and Currency. Some of the largest state delegations included Georgia, Maryland, Pennsylvania, Virginia and California.



Participants at NAMA's inaugural Fly-In event met with 62 percent of the U.S. Senate.

from unfavorable foreign exchange; and a divestiture impact of \$4 million, or 1 percent; partially offset by positive core sales growth of \$5 million, or 1 percent.

In the Payment & Merchandising Technologies segment, sales increased \$2 million driven by core sales growth of \$17 million, or 9 percent, partially offset by \$13 million, or 7 percent, of unfavorable foreign exchange and a \$2 million, or 1 percent, divestiture impact.

Vending Industry's Struggle With Required Healthy Snacks Gets Public Attention

► The New York Post ran an article highlighting the vending industry's struggle to maintain profitability while being required to stock only certain, "healthy" items in vending machines. The article entitled "Vending Machine Revenues Crater Under Strict Nutrition Rules" highlights the loss of revenue for both the operator and the location which often relies on a commission from vending sales.

It's not just schools that are affected. Hospitals and government buildings are also subject to strict nutritional guidelines. For Butch Yamali, chief executive of the Dover Group in New York, healthy vending regulations have cut his sales in half. The company will lay off 10 percent of its staff in the fall.

Tom Murn, CEO of The Answer Group, told the news source that his machines saw a 50 percent drop in sales with the regulations. He has been able to keep good margins by adding non-vending items such as umbrellas and phone chargers.



Royal Cup, Inc. Acquires Teasy Teas

► Royal Cup, Inc. announced that it recently acquired Teasy Teas, LLC, a Birmingham-based manufacturer of gourmet and artisan teas, in a move to expand and diversify its specialty tea offerings. Marshall Malone, former owner of Teasy Teas and Alabama Chai, has joined the Royal Cup team as its Tea Category Manager.

Hershey To Be Sued For Ice Breaker Gum Packaging 'Slack'

► A lawsuit was filed in the U.S. District Court in New York against Hershey Co., claiming that its Ice Breakers gum brand contains more "slack" or air in the container than is functionally necessary, Legal Newsline originally reported.

The plaintiffs claim the container size misleads customers as to the volume of gum they are buying, which may violate the Federal Food Drug & Cosmetic Act, says the source. There are alleg-

edly eight flavors of the Ice Breakers Ice Cube gum in tube packaging affected by this lawsuit.



Crane Co. Reports Second Quarter Results

► Crane Co. reported second quarter 2015 sales were \$711 million, a decrease of 5 percent compared to \$750 million in the second quarter of 2014. The sales decline was comprised of a \$39 million, or 5 percent, impact



Lavazza Offers To Purchase Carte Noire

▶ Italian coffee roaster Lavazza made an offer to Douwe Egberts B.V. to purchase its French coffee brand Carte Noire. The proposed deal remains subject to information and consultation with relevant works councils as well as European Commission and French competition approvals.

According to the terms of the offer, Lavazza would take control of the Carte Noire business within the European Economic Area (EEA) with the exception of Carte Noire instant coffee, T-Discs and out-of-home businesses.

Maryland County Council Overturns Healthy Vending Veto

▶ Four of five Howard County, MD, council members voted to overturn County Executive Allan Kittleman's veto of a bill that would require nutritional guidelines for items sold in county vending machines, The Baltimore Sun reports. In July Kittleman vetoed Council Bill 17-2015, saying that government should not regulate what a person should and should not eat. Kittleman noted the bill would have a "detrimental" impact on small businesses.



Parlevel Systems Expands Into Canada

▶ Parlevel Systems announced it has reached an agreement with Jasper

Vending Company of Jasper, Alberta to deploy its Parlevel VMS technology. As a result of this arrangement, Jasper Vending becomes the first Canadian-based operator to deploy Parlevel's cloud-based VMS.

U.S. Dept. Of Labor Proposes Major Changes To Exempt Salary Status

▶ The U.S. Department of Labor is issuing a proposed rule to increase the minimum salary requirements under the Fair Labor Standards Act for exempt employees.



The proposed rule seeks comments on the following main proposed changes:

1. Set the minimum salary level to qualify for the white collar exemptions at 40 percent of the national weekly earnings for full-time salaried employees (\$921 per week/\$47,892 annually but expected to increase to \$970 a week/\$50,440 annually in 2016);

2. Increase the minimum salary for Highly Compensated Employees to 90 percent of the national weekly earnings of full-time salaried workers (\$122,148 annually); and

3. Establish a mechanism for automatically updating the minimum salary to meet the exemption on a yearly basis. While the proposed rule sets forth different types of mechanisms for calculating the automatic update which mechanism will be utilized is not identified.

The rule will not go into effect until the comment period has ended.

People in the News

Howard Chapman Begins Term As NAMA Chair

NAMA announced that Howard Chapman, vice president and division manager of the office coffee division for Royal Cup, began his one-year term as chair of the association's board of directors on July 1, 2015. Chapman is a native of Atlanta, GA and attended Georgia State University.



Chapman

365 Retail Markets Announces New Marketing Manager

365 Retail Markets announced the recent appointment of Jen Tonio as its new marketing manager. Tonio will be responsible for the coordination of day-to-day marketing activities. Tonio has worked on projects for a variety of major brands including; Toyota, Chrysler, DTE Energy and Coca-Cola.



Tonio

Parks To Represent NAMA At China International Vending Show

Jeff Parks, president of Southern Refreshment Services, will represent NAMA at the 2015 China International Self-Service, Kiosk & Vending Show taking place Sept. 16-18 in Shanghai. Parks will serve as an industry ambassador for the association and deliver an educational program. "NAMA has a long-standing relationship with our counterparts in China and I look forward to representing the association and industry at this important event," said Parks.

AVB Sales & Marketing Hires Kris Ellington

AVB Sales & Marketing announces the addition of Kris Ellington as a territory sales manager. Ellington brings 17 years of vend/OCS channel experience with her to the company. Most recently she worked as a national account executive with Avanti Markets.



Ellington

Hershey Announces New CMO

The Hershey Co. announced that marketing veteran Peter Horst joined the company as senior vice president, chief marketing officer, effective July 27. Horst joins Hershey from Capital One Financial Corporation where he served as senior vice president, brand marketing.



Horst

Sysco Terminates Merger Agreement With US Foods

Sysco Corporation announced that it terminated its merger agreement with US Foods, days after the U.S. District Court in Washington, D.C., granted the Federal Trade Commission's request for a preliminary injunction to block the proposed Sysco-US Foods merger.

This action also terminates an agreement with Performance Food Group (PFG) to purchase US Foods facilities in 11 markets.

Under terms of the merger agreement, the termination of the transaction requires Sysco to pay break-up fees of \$300 million to US Foods and \$12.5 million to PFG.

"After reviewing our options, including whether to appeal the Court's decision, we have concluded that it's in the best interests of all our stakeholders to move on," said Bill DeLaney, Sysco president and chief executive officer. "We believed the merger was the right strategic decision for us, and we are disappointed that it did not come to fruition."

In Dec. 2013 Sysco Corp. and US Foods had originally announced an agreement to merge, however, the Federal Trade Commission filed a lawsuit in Feb. 2015, challenging the merger on antitrust grounds.



Sysco terminated its merger agreement with US Foods 1.5 years after announcing the deal.

that with the removal of bottled water, consumers increased their consumption of less healthy bottled beverages. Additionally, the ban did not reduce the number of bottles entering the waste stream from the university campus (the ultimate goal of the ban).

The study was done by Elizabeth R. Berman and Rachel K. Johnson with the Department of Nutrition and Food Sciences at the University of Vermont, Burlington.

University administrators still stand by the ban, according to BeverageDaily. However, they are in the process of making changes in light of the study.

U.S. House Votes To Ban States From Mandatory GMO Labeling

► The U.S. House of Representatives voted 275-150 to pass a measure that would block states from issuing any mandatory labeling laws for foods that contain genetically modified organisms (GMOs), according to Reuters. The Safe and Accurate Food Labeling Act of 2015, as it's known to its supporters, would create a voluntary nationwide labeling system overseen by the federal government.

"This bill, supported by over 400 groups that provide safe and affordable food for our world, will eliminate the state-by-state labeling patchwork that would serve to confuse consumers, stigmatize GMO crops, and raise food costs," said Congressman Mike Pompeo (R-KS), a co-sponsor of the bill, in a statement.

The bill moves forward to the Senate.

Adverse Affects Of Bottled Water Ban

► A new study published in the American Journal of Public Health investigated how the removal of bottled water at the University of Vermont in 2013 affected consumer purchasing behavior, healthiness of beverage choices and consumption of calories and added sugars.

It found



CALENDAR OF EVENTS

SEPT. 17-19

AAMC/CAVC 2015 Annual Meeting
Wild Horse Pass Hotel & Casino
Chandler, AZ
Phone: 626-229-0900
www.cavconline.com

SEPT. 23-25

2015 TMVA Convention
Moody Gardens Hotel, Spa & Convention Center
Galveston, TX
Phone: 832-358-8080
www.tmva.org

SEPT. 24-26

Eu'Vend & coffeena 2015
Koelnmesse
Cologne, Germany
Phone: 773-326-9928
www.euvend-coffeena.com

OCT. 28-30

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

OCT. 15-17

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

NOV. 2-4

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

The Rise Of The Bean-To-Cup Brewer

By Adrienne Zimmer, Managing Editor

Bean-to-cup brewers can offer gourmet hot beverages for consumers and good profit margins for operators.



Bean-to-cup brewers provide consumers with a customizable, gourmet OCS experience.

Bean-to-cup brewers are satisfying many office coffee service (OCS) needs. For consumers, bean-to-cup brewers fulfill a desire for hot beverages to be fresh, gourmet and single-serve. For operators, they offer a product that is generally lower in price than single-cup cartridges, providing better profit margins. Many of today's bean-to-cup machines have sleek designs with easy-to-use touchscreens and make more than a cup of coffee. In fact, some come with refrigerated dairy components and are equipped with technology to relay data in real time. The challenge, some operators find, is discovering the right brewer and how to create a profitable opportunity.

Customization

Consumers' desire for a customized cup of coffee has helped the single-cup industry, including bean-to-cup

brewers, mature. Bean-to-cup brewers — which freshly grind whole beans that sit in a hopper atop the system — generally make a single cup of coffee, which can be further adapted to the user's liking. The brewers allow customers and operators to experiment with different beans, too. Even with a premium, specialty bean, operators have been finding the profit margins to be better on bean-to-cup machines. That means offering customers a quality hot beverage at a cheaper price.

And while the brewers are not cheap, the customized, specialty hot beverages they create are similar to those employees can buy from a coffee shop — only enjoyed for free, in most cases.

"As a matter of fact, I don't have one where the customer pays for a cup," said Jim Carbone, C.O.O. at The Classic Group and Truebrew Coffee

& Tea Outfitters. "And it's good for us because we can have tiers of pricing and it's profitable."

But with good coffee comes high volume use, Carbone says. "Bean-to-cup brewers can be difficult to maintain." Carbone has one client with 25 machines across their campus and so he dedicates one employee to those machines to keep them maintained. It's about experimenting to determine the most profitable brewing method while offering a taste that consumers want, Carbone says. And though bean-to-cup can be a challenge to maintain, the benefits are worth it.

Chuck Walton, co-owner of Ace Vending agrees. "We're trying to find what's the right mix; what's the right type of equipment that makes sense in each location," said Walton. "There is a population of operators who are willing to do that kind of testing, to stick their neck out in some regards, to bring something in for the longer-term opportunity."

And that includes offering bean-to-cup brewers that may take a little maintenance, in order to appeal to consumer trends.

High-tech

Although many bean-to-cup brewers feature a modern touchscreen look on the outside, some also provide another high-tech feature for operators: telemetry. This telemetry option allows for information to be sent back to the operator in real-time, including usage, maintenance issues, etc. In the end, it's all about consumer experience. "I think that's what customers and clients want to see," said Scott Berman, vice president of refreshment services at Canteen. "Countertop bean-to-cup machines with high definition touchscreens, national branding, milk cooler options and even vacuum extraction. Both the inside and outside of these units are being upgraded to give a better user experience and more customizable hot beverages." | ◀



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Unlock Security At Your Operation

By Emily Reformat, Editor

Vandalism and vending theft are still a problem for vending operators, but security experts say it's necessary to analyze the problem before selecting the proper solution.

It's only a few inches of metal, but we rely on locks to keep honest people honest, and dishonest people out of our property. Vending machines are targets for thieves as they hold cash, are unattended for long periods of time and multiple machines can be opened with a single key. The Internet has compounded the problem as it allows the sale of various lock picking tools, videos on how to use them and even 3D printing Websites that offer to make real keys from photographs. However, the veteran operator knows these security issues have always existed and will



Quality locks are a must for protecting an operation's assets.

continue. That doesn't mean hope is lost. Mechanical and electronic locks are better than ever, and there are different features within each that makes them ideal for different situations. Operators can analyze their situation, their machines and even the other ways they can increase security before deciding on a lock. And if there is a specific problem, call a lock representative. They have a lot of knowledge about different options.

Mechanical locks are most popular

The biggest challenge to the security of mechanical locks is the internal mechanism inside. "If a lock's pins have tension and counter tension, it can be picked," said Watson Visuwan, vice president of marketing for Lock America. No matter the type of mechanical lock: plug lock, padlock, 5-pin or 7-pin tumbler or flat key lock, they can all be accessed with the proper tool or information. Tubular keys do provide protection from a picking process called "Bumping". This method uses a key blank modified by filing each key cut to its deepest depth. The "key" is then inserted into the lock where it is hit with a hammer, which causes the pins to jump up to the lock's shear line causing the inner cylinder to turn. Because the pins in a tubular lock are arranged in a circle, bump keying is no longer effective. While there are tools that can be purchased online to pick tubular locks, Visuwan still considers them medium security compared to the flat key locks often used for homes or offices. There are also different levels of security within tubular locks based on the material in the unit.

In a case where the lock isn't being picked, but instead vandalized with a drill, wedge or liquid nitrogen, there are alternative ways to fight specifically against certain attacks. In the case of drilling, a solution might be an anti-drill lock made out of hardened steel called a "detrainer disc" system, suggests Visuwan.

Making the right decision on which lock will work best in a particular application is most important. "With the proper knowledge and making a little more of an investment, you can have a lock with increased security that takes longer to break into, thus increasing the chances of the thief getting caught," said Visuwan. "If the lock keeps the would-be thief there for



Electronic locks address security issues from both internal and external theft.

“The access records help identify what employees are aiding the thieves.”

Bill Denison, CEO,
TriTeq Lock & Security

more than 15 minutes, the lock did its job.”

Fight internal and external threats

One security option that prevents both internal and external theft is using electronic locks. Electronic locks only allow the lock to open at designated times using designated keys. The system also keeps a log of when the machine was open, and by what key, making it easier to identify issues.

"We've been successful at stopping key copying problems," said Bill Denison, CEO at TriTeq Lock & Security. Properly designed electronic keys are extremely difficult or almost impossible to copy or pick.

It's important to address internal as well as the external theft issues, said Denison. He has seen lock access records that show that there is at least communication between the route driver and the thief, even if the route driver doesn't actually do the breaking and entering into the vending machine.

“I can see how quickly they attack one of our locks — where they drill. It’s very obvious they are talking to someone on the inside,” explained Denison. “The access records help identify what employees are aiding the thieves.”

To get the full security of an electronic lock, an operator needs more than the physical device. For instance, certain bottler-provided beverage machines include an electronic lock that opens with a low security remote controlled key. “When the machine is given to the operators, it is like a garage door opener,” said Denison. The operator needs to contact the electronic lock provider to add the extra layers of security such as higher security electronic keys and software.

However, operators might also receive a bottler machine with an electronic lock that they can utilize with programs on their computer. “[With some electronic lock systems] it is the key you program,” said Jason Faulconer, president at Locking Systems International. The operator can program the key himself or herself using a computer, limiting access to certain machines, times and even to individual personnel. Unfortunately, electronic locks are still at risk as vandals can use drills or other physical methods to break into a machine. And the damaged locks are expensive, as are lost keys. “An electronic lock can be six times that of a mechanical lock,” warns Faulconer.

Quality locks are a must

Most of the industry is using mechanical locks, versus electronic locks. However, the quality of the locks is very important. Cheap, basic tubular locks won’t provide much protection for operators. Faulconer explains that many standard, low-security tubular locks are made with zinc, dye-cast or brass — materials that are not very strong. Would-

Three different categories of vending lock crime

- **Professional thieves.** These criminals use picks, picking devices or machine their own keys in order to break-in to machines. They often move from state to state to avoid being caught. They will watch a route driver to discover when a machine is vulnerable and has the highest level of cash before breaking into the lock. Try to slow the thief down with uncommon locks and unpickable electronic locks.
- **Vandals.** This class of thief will use anything that can get them into the machine; a drill, removing the hinges, prying off the bill validator, trying to use a crowbar, etc. Use locks with hardened steel faces that are drill resistant and protect the machine in other ways with covers and protective plates.
- **Internal.** This is the hardest because it’s difficult for an operator to accept one of his or her employees is stealing or at least an accessory to the theft. Electronic locks can deter internal theft and make it clear the company is watching.

Knowing what type of thief a machine is most at risk from will help determine the best security solution.

MOVE from low-security to mid-grade with a patented key design where key blanks aren’t readily available.

Jason Faulconer, president, Locking Systems International

Warehouses at risk?

A Website that makes keys from mobile phone pictures made headlines a few months ago. A sales team took photos of a colleague’s house key, sent the photos away to a 3D printer offering key reproduction services via the Internet, along with a flimsy backstory. They filmed themselves using the key they received back from the photos to enter the colleague’s house, because indeed the photos to real-thing worked. While vending machines do not commonly use flat keys, warehouses and offices might. There is also a bump key that makes it very easy to break-in to a lock. Watson Visuwan with Lock America suggests changing any flat key locks to more robust locks, either tubular or combination locks. Also, ensure the money room is secure and any cash is inside a safe.

be thieves can more easily drill or break these types of locks. In addition, low-security locks have non-patented key shapes. That means key blanks are available, making it

easier for a dishonest person to make a key to fit the lock.

“You can move from low-security to mid-grade,” said Faulconer. “That might mean a patented key design.”

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The patent restricts who can purchase key blanks for the locks, which increases the level of security. High security locks will include a patented key as well as a hardened steel face or face with a steel pin inside, adds Faulconer. The bolt that travels through the T-handle will also be made of a harder material to prevent the lock from being pulled out of the machine. Faulconer has seen this done with an automotive dent-pulling device on low-security locks.

NAMA has an established and time-tested set of standards for locks and T-handles in the U.S. “Always purchase a lock that meets NAMA specifications,” said Dale Padjen, product development-security for Highfield Manufacturing. Padjen, whose company was part of the NAMA committee years ago that helped to create the specifications

“Always purchase a lock that meets NAMA specifications.”

Dale Padjen, product development-security, Highfield Manufacturing

for vending locks and T-handles, explains that this ensures not only a quality product but also the confidence that these products will fit all standard vending machines.

When purchasing a new route, getting new locks on vending machines should be a top priority, Padjen points out. He also recommends having a minimum number of locks per key, even if this means the route driver will have to carry several more keys. “The less number of locks per key – the less exposure to theft in the event of a breach in security from a lost or



Looking at each lock shape, construction material and if it includes an electronic component will help determine if a lock will meet a specific need.

stolen key or a picking tool,” he said. Operators might also want to consider using locks with a dead bolt instead of a spring bolt. Padjen has seen route drivers close a machine door with a spring bolt, knowing it’s closed, but not realizing it isn’t locked. A dead bolt forces the driver to turn the lock, ensuring the machine is secure.

Lock-picking tools and techniques are evolving rapidly, but so too are the technologies to stop or hinder them. Operators should opt for quality locks that meet NAMA standards and then consider the problems they face. That will help them determine how many and what type of locks in which to invest. | ◀

Non lock and key security ideas

Using more than 35 years designing and manufacturing security locks, Dale Padjen, product development-security, Highfield Manufacturing, shares ways operators can increase their security measures:

- Use a locking keyring where keys cannot be removed
- Have personnel sign out and in for keys
- Install a key lock box in vehicles for storage of keys when not in use
- Keep inventory of all keys and destroy worn keys and locks — Practice good key control and accountability

- Have employees who service machines always wear company apparel with a logo and proper identification
- Change the driver’s routes — often thieves follow a route driver learning their route, making it easier to know when to attack the machine
- Use Dynamic Scheduling (which changes the driver’s route)

Padjen also recommends operators investigate electronic locks as those systems allow the keys to work only at certain times which removes the worry of lost or stolen keys. He believes it creates a more secure and efficient locking system that can contribute to bottom-line savings.



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The Perks Of Pre-Pay

By Adrienne Zimmer, Managing Editor

The advantages of implementing pre-paid micro market accounts far exceed liability and security concerns that accompany them.

The benefits of operating a micro market include the ability to offer fresh food, to provide larger sizes and a wider variety of products and, in most cases, favorable revenues. In fact, NAMA data reports that the average micro market sales per operator are \$427,500 per year. Yet there is one outstanding perk of the micro market that gets overlooked: pre-paid micro market accounts.

Most micro market providers offer pre-paid account solutions (also known as stored value accounts) where users simply log into their specific account and are prompted to load funds using cash or credit/debit for

future use at the micro market. Ways to access those pre-paid accounts can include physical micro market cards, key tags, employee badges with linked micro market accounts, pin codes and passwords, and biometrics such as fingerprints.

For the micro market user, pre-paid purchases can result in loyalty points that lead to future rewards.

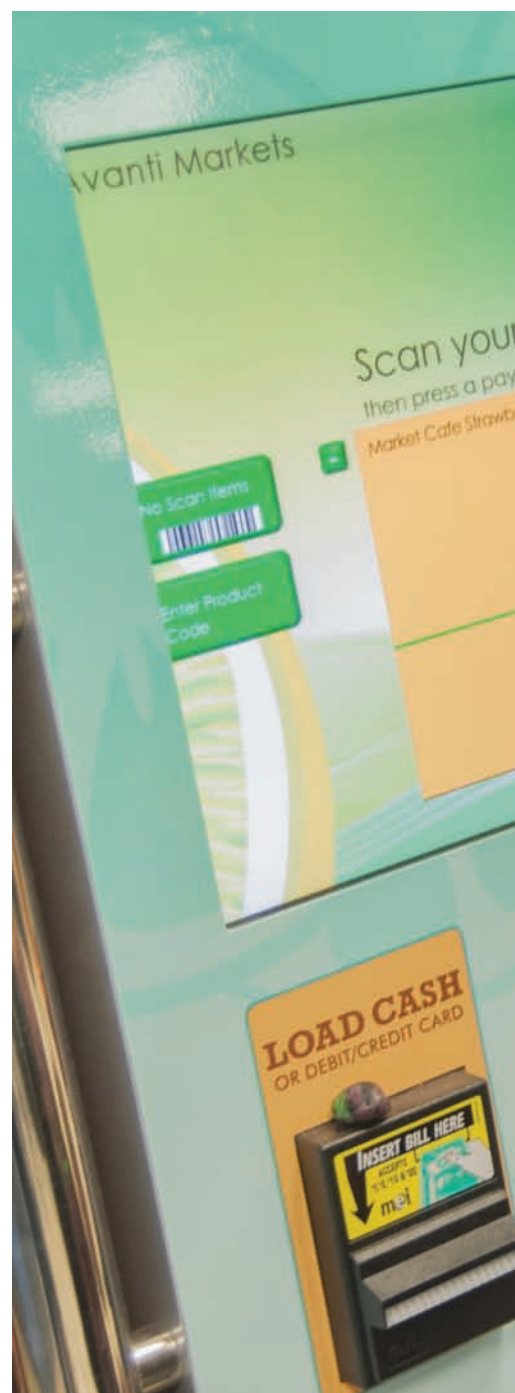
For the micro market operator, pre-paid accounts provide a plethora of benefits that include minimized card processing fees, increased consumer engagement and loyalty, higher spending per transaction than cash and being paid in advance of the

“One of the biggest struggles in vending and OCS for years — for both small and large operators — is creating cash flow.



With account balances in micro markets we are finally able to remove some of this burden.”

Kevin Searcy, president of deORO Markets and owner of vending/OCS company Golden Brew Beverage



purchase. The perks of operating pre-paid micro market accounts far exceed the liabilities and challenges that accompany them.

Free up capital

One of the most important factors of pre-paid market accounts is that in most cases, micro market providers allow the operator to receive the



money upfront. “One of the biggest struggles in vending and OCS for years — for both small and large operators — is creating cash flow,” said Kevin Searcy, president of deORO Markets and owner of vending/OCS company Golden Brew Beverage. “As operators, we either are putting hundreds of dollars of product within a machine and waiting for it

Consumers can pre-pay for items by loading credit/debit or cash into their micro market account. Pre-paid purchases can result in loyalty points that lead to rewards.

to sell or selling a customer items on invoice that can go to 90 days before payment. With account balances in micro markets we are finally able to remove some of this burden.”

“We take full responsibility for funds. If a customer loses their card, we issue another one with the credit transferred over to the new card.”



Jeff Leider, president of Tri-R Coffee & Vending

In most cases, operators receive the pre-paid funds or “float” money in their account, which frees up capital to invest in other markets, which is another value added for operators when it comes to pre-paid micro market cards.

Challenges of pre-paid accounts

Money management, as well as refunding money, can be a challenge for operators who are first dealing with pre-paid accounts. When operators hold the pre-paid funds, that float money becomes a liability on their balance sheet. This type of money management is new for operators, but it shouldn’t deter them from utilizing customer pre-paid accounts, said Jeff Leider, president of Tri-R Coffee & Vending and Avanti Markets operator. “There is no other way in the industry to get the money from the consumer before they buy an item,” he said. “So right there the benefit of offering a pre-paid solution outweighs the liability.” When it comes to liability, Tri-R takes full responsibility. “If a customer loses their card, we issue another one with the credit transferred over to the new card.

No credit information is stored on the kiosk/check out stand so even if the kiosk was stolen the thief could not get any credit card info, but they would get the cash. We would still of course keep those funds on all the cards and just deal with the loss.”

If an employee is terminated, Leider works with the human resource department to return the employee's funds or, in some cases, connects directly with the employee to return market card funds. “We have never had to execute a large scale refund, say, if a large plant closed down, so that might be difficult if that happens in the future, but we will cross that bridge when we get to it.”

There are instances, however, where the micro market provider holds the funds, rather than the operator, at which point the operator is not liable for the incoming and outgoing funds. They are also not responsible for the money management aspect. “We hold the card balances for all consumers with pre-paid cards,” said Jim Mitchell, president of Company Kitchen. “In so doing, the operator is not hassled with managing balances, refunds and transaction inquiries.”

Although money management can be a huge aspect of pre-paid accounts, getting the money into the accounts in the first place is known to be a bigger task. “The only initial challenge is effectively getting the bulk of the employees signed up with market cards and getting that loyalty card in their hand,” said Elyssa Allahyar-Steiner, vice president of sales and marketing at Avanti Markets. “You have about 30 seconds to explain at grand openings the great benefits of the market card and why the employees should have one and so you want to maximize that 30 seconds.”

Security is a concern for some consumers at the beginning. “Some of our customers are a little con-

Dormant accounts

Micro markets have been around for several years now and as employees come and go, there is the question of what



Jim Brinton

happens to market card funds that are not used? When an employee leaves a company or is terminated, they are likely to retrieve

what's left on their card, but not in all cases. For example, if \$1.25 was left on the card, the employee may or may not ask for those funds back. In the case that they do not, what happens to the money? It's not much if one employee does this, but suddenly what happens if hundreds of employees are leaving small amounts of money on their card?

“In almost all states, any remaining money that is unclaimed on these market cards will need to be turned over their State as dormant funds to be held by the State until claimed by their owner,” said Jim Brinton, CEO of Avanti Markets. “This is normally after two to three years, sometimes longer. If an operator builds a small inactive monthly fee into their market card agreement which may be assessed after a long period of inactivity, the small amount of funds remaining on these market cards will be depleted via this charge and the money will in essence go into the operator's pocket instead of potentially sitting for years in their State's fund. And it will save the operator a significant amount of paperwork needed to be done when turning dormant money over to a State.”

“At grand openings you have about 30 seconds to explain the great benefits of the market card and why the employees should have one.”



Elyssa Allahyar-Steiner, vice president of sales and marketing at Avanti Markets

cerned at first about leaving money on their accounts,” said John Ward, president of Serenity Vending and Three Square Market operator. “But then they realize the advantages of prepayment, that it allows for them to actually track their transactions and really see what they are spending.”

Long-term advantages

Despite beginning challenges, pre-paid accounts/cards are something every operator should be promoting. “Pre-paid market cards are micro market operators' single biggest benefit,” said Joe Loparco, vice president of sales at REVIVE. Alongside the fact that operators get the money upfront, pre-paid cards can offset credit card fees.

Another advantage is the ability to segment consumers and target market groups and individual consumers. “In today's PCI compliant environment, you cannot track transactions to an individual when they use their credit card, however, you can when they use a pre-paid card,” continued Mitchell of Company Kitchen.

These promotions can also lead to higher loyalty and customer engagement, especially because operators may utilize customized promotions

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“In today’s PCI compliant environment, you cannot track transactions to an individual when they use their credit card, however, you can when they use a pre-paid card.”



Jim Mitchell, president of Company Kitchen

based on transaction history. “Customers are identified by the operator, and the buying habits and preferences are important to the operator’s suppliers, and therefore valuable to the operator,” said Loparco.

“Customer loyalty is one of the biggest advantages to offering pre-paid cards,” said Kevin Galaida, VP of business development at Breakroom Provisions. “Operators can target promotions toward customers and that in turn lead to higher participation and repeat business in the market. There is a direct financial benefit for operators.”

Higher participation generally means higher sales, as well. “With micro market stored value accounts, we’ve seen a higher spend per transaction than cash; up to 10 percent higher,” said Joe Hessling, CEO of 365 Retail Markets.

From credit to pre-pay

How consumers are currently paying at micro markets is contingent on a variety of factors. “We see locations that are blue collar and/or a mixture of blue collar with some office person-



In some locations, consumers can access their market accounts through biometrics.

nel and these accounts typically take advantage of the market card because there may be a higher usage of cash loads in these accounts,” Allahyar-Steiner said. “However, you walk into a white-collar location, or tech environment where you have younger

generations, and they don’t necessarily mind swiping their debit/credit card for small transactions.”

Hessling notes that in his experience, credit/debit and stored value account purchases have been about even. “Transaction mix is pretty

steady at 49 percent credit/debit and 49 percent stored value and 2 percent cash," he said.

Leider has been noticing a decrease in the number of people paying with pre-paid cards. "More than half of our market sales are paid by credit/debit cards and they use them just to pay for that purchase at that time," said Leider. In order to grow market card usage, Leider says he will begin giving loyalty points to everyone who uses their pre-paid account, no matter what.

Terri Starnes-Bryant, president of Microtronic US indicates that in order to increase pre-paid usage, operators need to be providing incentives. "They need to be offering some type of promotion that requires the pre-paid cards, such as spend \$100 and get \$10 added to your account," she said. "Many of our operators



"[Operators] need to be offering some type of promotion that requires the pre-paid cards."

Terri Starnes-Bryant, president of Microtronic US

offer bonus funds when loading larger amounts to the market cards. One in particular gives a \$5 bonus when loading \$50. He's told me the \$50 loads are unbelievable."

Mitchell suggests promoting pre-paid accounts with traditional and digital methods. "Place clings within close proximity of the product on the shelf or cooler as a reminder when the consumer is about to purchase the product or utilize digital screens that continuously promote the discounts the user will receive by using the stored value card," he said.

The best method according to Galaida is to focus on the rewards a pre-paid card offers the user. "Promote rather than penalize," he said. "Show them they can earn rewards by using their market card instead of charging additional fees for credit or debit purchases."

Among other things, pre-paid accounts allow operators to track purchasing habits and increase customer loyalty. The question is not *if* to promote them, but rather *how* to get more consumers utilizing this feature in the micro market. | ◀



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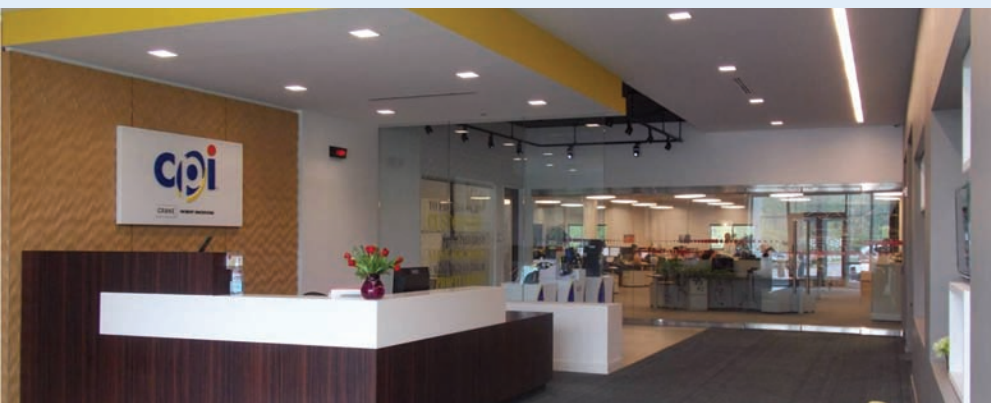
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Immediately after the birth of CPI, the Vending industry experienced change. Operators in the U.S. market were demonstrating a clear preference

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With the creation of CPI, we have also opened up an additional distribution channel, beyond our existing Distributors and OEM partners, allowing our customers to obtain MEI payment systems through Crane Merchandising Systems. As a result, we can now serve our customers in more ways than ever before. From an internal perspective, we continue our extensive work to be able to serve our customers with a single voice. We are aligning our organizations, systems and facilities such that we can maximize our ability to serve all customers across our markets.

This is just some of the progress CPI has made to integrate and capitalize on

the synergies of our businesses. Today, we continue to identify ways to help our customers become more profitable and efficient. The word “innovation” is part of the CPI name for good reason. Not only do we leverage a rich history of patent generation, but we're willing to make the investment in research and development to deliver new breakthrough solutions. Our experience, new resources, dedicated customer focus and breadth of expertise will continue to expand the value operators can receive from their payment systems.

The collective CPI team, particularly CPI Vending, is a source of great knowledge on changing technology, yet also possesses a tenured badge of experience to speak from. We are known to sit on industry panels and governing boards, pen articles and blogs, all to help lead change and educate. We take pride in our strong customer focus and marry that dedication into our product inception all the way through our after-market support.

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PEOPLE & TECH

Push Up Profits For Texas

By Emily Reformat, Editor

Accent Food Services has made strategic investments in non-traditional areas allowing it to grow into one of the largest total refreshment solution providers in the U.S.



Using remote machine monitoring to service its many vending machines is the most valuable investment Accent Food Services has ever made, according to company president Josh Rosenberg.

NOLOGY

Independent



Invest in your organization and you will succeed. That is the motto at Accent Food Services, a 240 plus employee total refreshment solution provider in central Texas. In recent years, Accent has remade itself, putting processes in place that significantly impact its ability to gain new business. In 2014, new micro market, vending and OCS service opportunities represented \$4.4 million of revenue. Accent saw a 14 percent increase across all segments, the largest organic growth year the company has ever had. The driving force behind Accent's success is its investment in talented personnel led by a two-man team, Tom Hawkins, one of the original founders of Accent and now chairman of the board, and Josh Rosenberg, current president and CEO.

Born of a merger

"Accent Food Services began in July 1994 when [another operator] and I decided to merge our two small vending businesses," said Hawkins. The merger formed a 3-route operation headquartered in Austin, TX. Hawkins became president of the new company and grew it into a premier provider



Josh Rosenberg, center left, current president, and Tom Hawkins, center right, chairman of the board, lead the Accent Food Services team, but know it takes everyone to succeed.

of business refreshment services throughout the state of Texas.

Hawkins met Josh Rosenberg when Rosenberg was a vice president of national and regional vending sales at Coca-Cola Refreshment Services. Over the years, Hawkins was impressed with Rosenberg's ability to understand the needs of his customers and the drive he had to create a solution that worked for both parties. "Josh played an instrumental role in developing a strong working relationship between Accent and Coca-Cola," said Hawkins. "I was in the process of recruiting a vice president of sales when I heard that Josh was leaving his position with Coca-Cola. I immediately made the call and asked him to consider the opportunity."

Once Rosenberg joined Accent, he began to put new processes into place, such as training and investments in technology, which made a significant impact in the company's

ability to gain new business. "The result was the best organic growth year Accent has experienced," said Hawkins.

In January 2015, Hawkins transitioned to a chairman role and Rosenberg was named president and CEO. "[He] continues to move us forward with better processes and vision company-wide as we enter into our next stage of growth," said Hawkins about Rosenberg's appointment.

Rosenberg is honored by the faith Hawkins had in him. "Tom had the confidence in my ability to lead the company after his 27 years at the helm," said Rosenberg about the transition. He doesn't regret the move from the supplier side to becoming an operator. Instead, Rosenberg credits much of his success to the diverse background experience he gained from the Coca-Cola System and operator community he came to adore. It

Operation Profile Accent Food Services

Headquarters: Pflugerville (Austin), TX

Owner: Investors led by Silver Oak Services Partners

No. of employees: 240

No. of routes: 94

Micro market providers: Avanti and Company Kitchen

Technology: Salesforce (CRM), Cantaloupe Systems (RMM & Cashless)

Annual sales: Not Revealed

helped him accelerate the mindset at Accent. “It couldn’t have worked out any better,” he said. “Tom provided a clear road map, high performing team and the best marketplace in North America to succeed. All I am trying to do is remove the barriers and let our talent go to work,” said Rosenberg.

A profit leader: micro markets

Micro markets have been very successful for Accent, which operates them in more than 250 locations. In order to meet customer needs, Accent uses two different micro market providers. The client might want the ability to calculate nutritional information, be able to pay with biometrics or run various promotions. Rosenberg considers the extra work in tailoring the micro market kiosk with the location as part of what makes the system so



Accent has more than 250 micro markets earning an average of \$40,000 minimum sales.

profitable. “We see increased basket size, we see increased participation,

we see increased connection points with our consumers,” he said.

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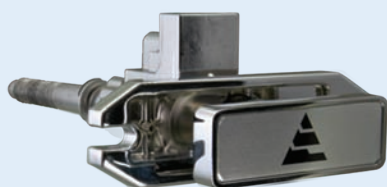
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An additional driver of the micro market segment growth for Accent has been enhanced promotional and loyalty programs. “Our ability to give back, such as ‘buy four get one free’, as well as help our CPG partners get in front of the consumer has proven to be a success model, especially in a grey/blue collar manufacturing world,” said Rosenberg.

Besides customer-facing features, dedicated channel support for micro markets has been imperative. Rosenberg employs a micro market customer care team and has a dedicated IT department just for the micro markets side of the operation. He also has processes for integrating the two different micro market operating systems, which can present a challenge especially when also incorporating a third system for the vending and OCS segments. “Getting to a point of integration with micro markets is the next hurdle,” said Rosenberg. In the future, he hopes new technology will overcome employees needing to understand and operate within three systems.

Despite any difficulties, Rosenberg sees micro markets as a great opportunity. He finds micro markets at least double revenues versus traditional vending at a location. “Micro markets give you the ability to reinvent your existing footprint with fresh and better food, expanded variety in both beverage and snack and health and wellness across all categories. Consumer awareness and their desire to want to touch the product and understand what they are putting in their bodies is very relevant in today’s shopper’s mind,” explained Rosenberg.

Having receptive customers is very important to the success of micro markets. That is the reason why Accent assesses each potential micro market location carefully and has a set of qualifications. “We try to target \$40,000 in minimum sales,”

Health & Wellness Employers Need Skin In the Game

While Accent sees an increase in requests for products meeting health and wellness standards, success of those products relies on a focus from the employer regardless whether the products are in micro markets, vending machines or delivered as part of pantry service.

“When a company demands it, our message is ‘We’d love to, but we have enough experience to know that if you don’t support it, then we’ll be the one suffering on our P&Ls. If you monetize it for the employee, we see a difference in employee purchasing pattern.’”

Rosenberg finds about 20 percent of clients who want to focus on health and wellness are willing to incentivize it by offsetting the cost of the products to employees. “If a client doesn’t get behind it, the needle doesn’t move,” admits Rosenberg. “Then it’s very difficult to maintain profitability on those accounts.”

said Rosenberg about new micro market installations, “Whether that’s 100 people or 300.” Rosenberg’s focus is on the employees, their access to other eating options and the location’s hours of operation. With certain locations, Accent is willing to place a micro market with fewer people because experience has shown call centers, highly secure facilities and 24-hour locations usually produce a high rate of return on a micro market.

Even with the required minimum revenue, Rosenberg doesn’t believe the industry is close to saturating the micro market segment. “We are

growing by 75 to 100 micro markets per year,” he said.

“[As a micro market operator,] we are truly merchandising like a retailer, not for a captive vending audience,” said Rosenberg. Items sell for higher prices because of the variety and Accent’s ability to meet different day parts as well as the melting pot of consumer needs whether that is portion-control items or non-carbonated beverages.

Food sets Accent apart

Accent recently decided to take control of its own destiny by consolidating food production under one roof for both micro markets and vending. Prior to that, distribution was too difficult and using local catering companies wasn’t working.

“We decided that we were going to take the time to invest in the production process of our foods by developing quality control standards and improving the menu,” said Rosenberg. “It’s probably one of the smartest decisions we’ve made in the last few years.”

As of May 2014, Accent has been directly involved in producing its own fresh, premium food line. The operation employs an experienced food service operating partner who drives menu creation by following consumer trends. There is also an emphasis on consumer needs, such as gluten-free or vegetarian. Accent tries to tailor menu items based on the time of year as well. For instance, during Lent the company offered vegetarian as well as grilled and fried fish entrees on Fridays. “Our food is our lead,” said Rosenberg.

Coffee service on the rise

On par with micro markets for one of Accent’s most profitable segments is office coffee service. “OCS is moving at the speed of light,” said Rosenberg, who really enjoys this aspect of the operation. The “Starbucks Effect”

has created passionate and well informed consumers, leading buyers to purchase differently. According to Rosenberg, the coffee buyer wants more variety and better quality and they are willing to pay more for it.

“You can’t just have a black and a decaf, you have to have flavored creamers, iced coffee, Cappuccinos, etc.,” said Rosenberg. As the economy improves, he sees more employers wanting to bring back this benefit as a competitive recruitment or retention strategy for their employee base because the next employer has it. “We’re playing up on that,” explains Rosenberg. “We’ve diversified our portfolio.” Accent recently added new lines and several new specialty coffee brewing systems, which have also forced the operation to evolve with equipment education and technical capabilities to service all the unique platforms.

In central Texas, Rosenberg finds single cup is very strong. Buyers often have a preconceived system in mind, but Rosenberg presents multiple solutions, including one they may never have seen. “We push towards a whole bean or bean-to-cup solution because it’s the freshest,” said Rosenberg. “There’s nothing like the smell of a whole bean as it is brewed. That



Accent prides itself on its food, all produced inhouse based on trends.

gives a wonderful experience for the consumer, the employee.”

However, where there is a strong demand for variety, a single-cup solution is optimal because the systems can bring in 12 to 24 SKUs to meet every consumer palate. “And the quality has caught up, or it’s at least quality enough that they are willing to sacrifice that freshly brewed pot,” explained Rosenberg.

As part of OCS, Accent also does pantry service — food and other

items are delivered with the coffee and billed back to the location. Growing out of this idea, Rosenberg has one client that pays for concierge service, where employees can shop online, place an order and Accent will deliver the item, whether it’s a specific type of almond or a certain type of jelly for a PB&J sandwich. “It’s a challenge we’re enjoying,” laughed Rosenberg.

Technology pushes profitability

Accent is able to grow both the micro market and OCS businesses, while maintaining vending, by devoting time and resources to technology. Remote machine monitoring (RMM) is the most valuable investment the company has made. “Our ability to reduce routes, be more efficient and service the customer on demand is our greatest cost benefit to our organization. There is nothing else I can do to strip costs and increase service capabilities than enable remote monitoring,” explained Rosenberg.

It took four years for Accent to reach 100 percent RMM because they didn’t move forward without the right processes, discipline and buy in from the employees. The North Texas division of Accent was the last to be converted, being completed in the summer of 2015. “One thing that helped us succeed where others have failed is we didn’t force it,” said Rosenberg. “We moved out in the marketplace with a strong change management plan, we learned and adapted, before moving to the next route/market.”

Another benefit of RMM is knowing about an issue before the client does. “We can typically react and respond before it becomes an escalated issue that elicits an emotional response to leave us. It’s the best thing we’ve ever done.”

While Rosenberg believes strongly in RMM, cashless is another advancing technology, albeit slowly.



Accent meets the coffee needs of today’s consumer with a variety of quality options.

The Year of 100% Cashless

Consumers are buying more, higher-priced items.



Customers are less-and-less inclined to carry cash.

In vending, cash has always been king. Historically, the self-service industry has stood steadfastly by the reliability of cash and coin payments. With a full understanding that the industry would “eventually” need to adopt cashless payments options, this cash-based business struggled to remain profitable in spite of cash intake remaining largely steady, even as customers were less-and-less inclined to carry cash.

Enter Apple Pay and Android Pay. Consumers’ rapid adoption of mobile payment options and smartphone technology not only pushed cashless payments for everyday, small-ticket items front and center, but generated a tailwind which is changing the very dynamic of supply chain for the business. USA Technologies (“USAT”), a leader of wireless, cashless payment and M2M/IoT solutions for small-ticket, self-serve retailing, has not only seen a significant increase in cashless payments by customers, but a new-found interest among self-serve retail companies in going 100 percent cashless, allowing consumers to pay the way they want and giving operators visibility into perishable stock and capitol on hand.



In its recent Knowledge Base study on cashless transactions, USAT found that not only are consumers using their cards at a remarkable rate for small-ticket purchases, but they’re actually buying more and purchasing higher-priced items. According to the study, average annual cashless sales increased 28 percent to \$3,477 as of May 2015, (up from \$2,719 as of May 2014), with consumers spending roughly 32 percent more when paying with a card versus cash.

Vending companies are clamoring for cashless – many opting to equip 100 percent of their vending machines.

“The economics of going cashless makes sense in terms of increased efficiencies and sales. We’ve been equipping cashless technology on machines

If it’s in their **POCKETS**, it should work at the **POINT OF SALE**.

for nearly 10 years. We believe this is the year it actually becomes the norm, rather than the exception,” said Steve Herbert, chairman and chief executive officer of USAT.

Take Five Star Food Service, one of the largest vending operators in the country with 15,000 vending machines across 200 routes, as well as numerous coffee operations, micro markets and 36 dining facilities throughout Tennessee, Georgia and Alabama. In 2015, the firm implemented cashless card readers on 10,000 of its 15,000 machines. On average, same store sales increased by 17 percent, and 24 percent once the “Go Cashless” educational campaign was launched.

“Today’s customers prefer to pay with their card or mobile wallet, and going cashless is not only enhancing our consumer experience, but improving our economics,” said Greg McCall, senior vice president of sales and marketing at Five Star Food Service.

Then, there’s Pepi Food Services, a leader in vending and food services for nearly 29 years. With more than 1,400 points of sale, Pepi became the first company in the country to offer cashless payment options on 100 percent of its machines with USAT’s ePort Connect in 2012. The move significantly impacted same-store vending sales as the average cashless vend was almost 50 percent higher than Pepi’s average cash transaction.

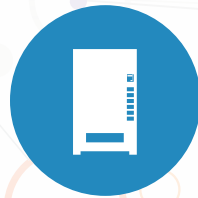
“Price just isn’t as important as convenience, and the flexibility to spend money in whatever way customers prefer,” said Vic Pemberton, CEO and founder of the Pepi Companies.

“If it is in their pockets, it should work at all points of sale.” “Cash may still be king, but with the introduction of cashless payments by more and more firms within the vending industry, its kingdom may soon be a lot smaller,” said Mr. Herbert. ■

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"We are just at 30 percent cashless. We find that we don't have to cover every machine to get the full benefit. It's more the 80-20 rule." Over the next five years, Rosenberg plans to migrate to all vending machines accepting cashless payments. In the meantime, he is balancing his investment in this area and more importantly, the company's bandwidth in backing and sustaining other processes that will deliver greater synergies or returns.

Offering the total package

In an environment with broad consumer demands and large numbers of locations that are price conscious, it's important for Accent to sell on the fact that they are a total refreshment solution company. "We do everything we can to focus on bundled solutions to drive total value," explained Rosenberg. "We have retention management, channel management and our team asks the location to give us everything, not just the coffee. We can usually sell against low price and commission with our total value proposition. And where we can't, we have to make a conscious decision if we want to do business and whether it's the right fit."

Accent's reputation for excellent service supports the bundled solutions concept. "First and foremost, your clients have to be able to speak for you," said Rosenberg. Accent has some flagship clients that make very strong references. "We are big on saying 'Don't ask us, ask our current partners.'"

Accent promotes tours to allow potential customers to ask questions of existing locations. Rosenberg has confidence in what his existing clients will say in part because Accent has made strategic investments in nontraditional areas. "We have key account retention specialists in every market that are first responders and manage our client portfolios. We have channel management in our

How To Win New Business

Accent dedicated a substantial amount of time and money to adding a sales tool and regular sales training. It's a strategy many in the industry overlook.

"Two years ago when I got here, we invested in *Salesforce* and we doubled our new business sales for that year," said Rosenberg. *Salesforce* is a type of customer relationship management (CRM) software, available on the computer and as a mobile device app.

Rosenberg spent the capital to customize the *Salesforce* tool to work with Accent's specific market and needs. "We brought in consultants, product mapping and two years in we're still seeking full adoption. It's just like with RMM, it doesn't happen overnight. It takes time to change and adjust perceptions of value," he explained. It's still a worthwhile investment as it provides business leads, unprecedented ability to discuss sales, customer care strategies in real-time and many other benefits.

TRAINING & MARKETING ARE A MUST

In addition to having the hardware and software to succeed, training is a high priority for Rosenberg. "We invest heavily in training from call discovery and creating big ideas to negotiating for value and collaborative sales approaches with clients."

To go along with sales approaches, Accent has created collateral marketing materials from presentations on iPads to a one-minute promotional video which shows a customer everything Accent can offer. "The video was a year in production — interviewing clients and doing onsite image and videography," said Rosenberg. "However, it changes the game when one of our team members is competing against a stapled packet of papers during a bidding process."



OCS and market divisions. [And] we have customer care teams to support immediate response to customer needs," said Rosenberg.

"We've tried to create a culture of inclusion and a model which puts our most important asset first: people," said Rosenberg. "Our people and our customers are our most valuable assets. And we operate with the highest level of respect and accountability to both." Its dedication to ser-

vice fits well with technology, which allows Accent to see real-time data, be nimble and proactively manage the operation.

"In 2014 we added \$9 million in sales, 2.5 times what we have ever done," said Rosenberg. He plans to expand further through acquisitions and organic growth. No need to look elsewhere for profits, Rosenberg is investing in his team's success to create his own. | ◀

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Three Ways To Innovate In Your Business

By Emily Refermat, Editor

Revenue growth comes from developing new strategies that win over customers.



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Business as usual will ultimately destroy you. As a business owner, operators must constantly analyze the strategies with which they go to market. They must also know that the successful programs they use today will eventually wither, leading to a slow decline in sales. Therefore, operators must be vigilant in innovating their business model by assessing opportunities and voids in their area.

This constant evolution of strategy is a fundamental business practice of many successful operators. In discovering ways to differentiate themselves and grow revenues they look to three areas, which help them determine the best course.



Innovate by looking at customer needs

Since service is at the core of any good vending, micro market or office coffee service business, looking to the customer for ways to enhance service is a must. “Be an innovator based on customer needs,” said Jonathan Scott, CEO of Capitol Coffee Systems, headquartered in Wilmington, NC. When his father first started the OCS business, he made a strategic operations decision that seemed simple, but wasn’t. Give the customer what they want. Many customers had been forced to order entire cases of a single type of beverage or flavor of snack, even if the location was rather small. Customers didn’t want to order that much of a single product, so Capitol Coffee Systems offered customers delivery of mixed cases. It was something no one else in the area was doing, recalls Scott, and truly met the customer’s need for variety. “Being able to offer customers the chance to customize their service at the product level gave us a leg up,”

explained Scott. He has continued this innovation by always analyzing opportunities, especially as it relates to customer needs and providing high-quality service.

Relatively small but impactful changes can produce a huge advantage. This is especially true for smaller operations, which can be nimble and tailor products or service to ever-changing consumer trends and adapt more easily than large, more corporation-type competitors. It's all about what you can provide, says Scott. "No matter how big you are, you have to have other things to offer the customer," he said. Offering more to the customer leads into the second way to develop a business action plan based on other operators.



Innovate by looking at competitors

"You probably aren't the only game in town," said Jeff Deitchler, general manager at Prairie Fire Coffee Roasters, headquartered in Wichita, KS. "You need to find out what other service providers are doing." Sometimes sales staff can ask questions about services when prospecting or receiving a rejected proposal. Loyal, long-time clients approached by other operators will often share the proposals they are given. No matter how an operator goes about finding out about the competition, Deitchler recommends doing one of two things — top them or exploit their weaknesses.

"Beat them at their own game," said Deitchler. "Do what they are doing, but be committed to being bet-

“Being able to offer customers the chance to customize their service at the product level gave us a leg up.”

Jonathan Scott, CEO, Capitol Coffee Systems

ter than they are." Whether it's the product offerings or customer service guarantees, a commitment to excel will pay off with loyal customers.

The other option is to analyze competitors' service and identify the weaknesses. Once identified, operators can take advantage of those weaknesses. "If they don't have regularly scheduled route days for example, you should have them. If they are slow to respond to equipment breakdowns, you should implement a service timeframe guarantee," suggested Deitchler. This technique also works in reverse, where an operator can analyze what a competitor might say about his or her operation. This leads us to the third place operators can look for inspiration to innovate — within.



Innovate by looking at yourself & your operation

"In my opinion, competitive advantage comes from people and passion," said Paul Tullio, O.C. branch manager for Gourmet Coffee Service out of Van Nuys, CA. People drive a business forward, so having the correct people in place

is a key aspect of success and having an advantage in business. Look for hard workers who have passion. The people servicing customers, from drivers and technicians to the receptionist and client representatives, will determine if an operator can gain a competitive advantage or if they are just another service provider. "Passion is what makes people go above and beyond to create an experience for your customers," said Tullio. In fact, he believes it is an essential aspect of a successful operation.

If passion is waning, Tullio suggests stepping back and remembering what inspired the business in the beginning — get back to the soul of the organization. Then channel that passion forward and it will be catching to the others in the company and beyond. "Never be afraid to show your people and your customers how much passion you have for your business," he said. "People will see how much you care about your customers, your employees, your business and the industry you represent. They can be inspired if you are truly passionate about your work," he added.

Whether business is good or bad, it's tempting to be complacent. Change involves uncertainty and risk, but it's an important part of driving a business forward. Operators should look to customer wants, competing service offerings and even within their own organization for opportunities to innovate. Even small changes in the way a company does business can lead to substantial growth. ◀

“Do what they are doing, but be committed to being better than they are.”

Jeff Deitchler, general manager, Prairie Fire Coffee Roasters



PRODUCT NEWS



AVT, Inc. announced that they have completed development of their new **"12/12" Premium Coffee Kiosk**, which offers 12 blends of coffee in full-size 12-ounce cups. The system uses whole beans, which are freshly ground for each cup to provide barista-like flavor at a fraction of the coffee shop cost. The system has a small footprint and is easy to setup, so it can be used in virtually any location.

VendingMarketWatch.com/12085901



The **In The Raw®** family of sweeteners introduces **In The Raw® beverages**. Perfectly sweetened with Fair Trade Certified™ Sugar In The Raw® and zero-calorie stevia, the beverages contain half the amount of sugar as leading full-calorie brands and only 70 calories per 12-ounce bottle. The initial launch includes three varieties: In The Raw™ Tea with Natural Lemon Flavor, In The Raw™ Lemonade and In The Raw® Cola. These small batch drinks contain no artificial sweeteners or preservatives.

VendingMarketWatch.com/12085867



Mountain Dew® is bringing back **Mtn Dew® Baja Blast™** and introducing new **Mtn Dew® Sangrita Blast™** in bottles and cans for a limited time only.

The tropical lime flavored beverage — which was introduced 11 years ago exclusively at Taco Bell® — hit shelves nationwide starting in April. And for the first time, Mtn Dew Sangrita Blast, the citrus punch beverage available only at Taco Bell, will be available for a limited time in bottles and cans as well. Mtn Dew Baja Blast is the second largest and fastest growing beverage sold at Taco Bell, and has generated more than \$1 billion in retail sales since its introduction.

VendingMarketWatch.com/12070532

Mrs. Freshley's introduces its **Red Velvet Cupcakes** with rich color, soft texture and hint of rich cocoa and creme filling. Mrs. Freshley's Red Velvet Cupcakes are now available in 4-ounce single serving packs of two, packaged in 36 count cases, and 12-ounce six count boxes, in 16 count cases. Suggested retail price ranges from \$0.99 to \$1.39 for single serve and \$1.39 to \$2.99 for multi pack boxes.

VendingMarketWatch.com/12085861



Dole Fruit provides many opportunities for operators to offer a variety of appealing, fruit-forward options for consumers. In grab-and-go environments such as vending, Dole offers healthy fruit solutions for every snacker. **DOLE Fruit Bowls® in Juice**, **DOLE Smoothie Starters**, **DOLE Fruit Squish'ems®** and **Mrs. May's** fruit and nut-based treats provide a pleasing selection of shelf-stable, chilled and quick-service fruit snack options. For schools, Dole offers flavorful, nourishing, portioned fruit that meets the USDA Smart Snacks in School standards.

VendingMarketWatch.com/12070525



Mars Chocolate introduces **COMBOS® Sweet & Salty Chocolate Fudge Pretzel** featuring creamy fudge filling surrounded by a salty, crunchy pretzel shell. This product is available in November 2015 with a suggested retail price of \$2.29 per 6.0 ounce bag.

VendingMarketWatch.com/12086862



El Monterey introduces **El Monterey Signature Meat Lovers Breakfast Burritos** which include a fresh baked tortilla filled with egg, sausage, bacon and cheese.

They are currently available in single-serve packaging for the vending industry.

VendingMarketWatch.com/12086847



Keurig Green Mountain, Inc.

announced the launch of **Green Mountain Coffee® Organic** — a new line of premium coffees that are both organic and Fair Trade Certified™. The new line includes Ethiopia Yirgacheffe, a single origin light roast coffee with a sweet, floral aroma and delicate hints of spice, and clear notes of citrus and ginger. Green Mountain Coffee® Organic coffees are available in 10- and 16-count boxes of K-Cup® pods.

VendingMarketWatch.com/12088484



The makers of **vitaminwater®** have announced that they have introduced two new varieties of the beverage: **vitaminwater refresh** (tropical mango flavored + other natural flavors) and **vitaminwater vital-t** (lemon iced tea flavored + other natural flavors).

As of May 2015, vitaminwater refresh and vitaminwater vital-t are available nationally in 20-fluid ounce bottles. The most common suggested retail price for 20-fluid ounces is \$1.59.

VendingMarketWatch.com/12076001



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PRODUCT NEWS



Gimbal, Inc. announced the availability of its **Bluetooth® Smart (Bluetooth Low Energy) Gimbal Proximity Beacon U-Series 5™**. The hardware serves as a low-cost, low-maintenance solution that adds beacon functionality to traditional devices with USB ports, including vending machines. The U-Series 5 enables a host of new devices to power smart, proximity-triggered engagements to an opted-in user's mobile device and for retailers, venues and other beacon-enabled locations to further extend their proximity network.

VendingMarketWatch.com/12096462



Avanti Markets Inc. released its **Market Activity/Billboard Display Monitor** at the 2015 NAMA OneShow in Las Vegas, NV.

The billboard is positioned in the market, often above the kiosk, and shows an ongoing display of recent purchases at the market. If a customer scans their item then selects the cancel button the transaction will appear red on the screen, allowing peers to view if their co-worker has canceled a transaction.

The multifunction display is divided between an ongoing feed of both canceled and purchased transactions, along with rotating commercials.

VendingMarketWatch.com/12096539

AP Plastics Inc. announced that its four and six hole (SCF4 & SCF6) K-Cup® holders will be part of its proprietary Guest Room Single Cup Display System, and will be available to ship this coming August. The new **"Ship Flat" Displays** are manufactured in North America with 100 percent re-processed and recyclable plastic. The unique "click open" design reduces both packaging and freight costs. The brewer trays have built-in compartments to organize condiments and accessories.



VendingMarketWatch.com/12096501

AdvancePierre™ Foods adds the **Breakfast Stacker**, piled high with sausage, bacon, egg and cheese, to its BIG AZ line. Each sandwich is loaded with savory, cravable flavors served on a homestyle, fresh-made buttermilk biscuit. The BIG AZ Breakfast Stacker became available



June 1, 2015. The sandwiches have a 14-day refrigerated, nine-month frozen, shelf life. They can be sold hot from a sandwich warmer or micro-waved on demand from a cold case. The sandwiches are packed in retailer-friendly eight-count cases.

VendingMarketWatch.com/12076029

Mars Chocolate introduces **COMBOS® Sweet & Salty Vanilla Frosting Pretzel** available in the vending and micro market channel. COMBOS® Sweet & Salty Vanilla Frosting Pretzel brings together the nostalgic flavors of vanilla cake frosting tucked inside a crunchy pretzel for a modern taste combination. COMBOS® Sweet & Salty Vanilla Frosting Pretzel are now available in 6-ounce bags.



VendingMarketWatch.com/12070467

For more products, visit the online Product Guide at: www.vendingmarketwatch.com/directory.

The **J.M. Smucker Company** introduces **Folgers Iced Cafe™ Coffee Drink Concentrates** available in four flavors — Original Latte, Vanilla Latte, Caramel Macchiato and Hazelnut Latte. Folgers Iced Cafe delivers a customizable iced coffee experience packaged in a 1.62 fluid-ounce squeeze bottle. Just add two squeezes of Folgers Iced Cafe to cold milk, stir and add ice.

VendingMarketWatch.com/12085888



Marketplace

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About Mondelēz International Foodservice - We Have The Delicious Brands And Passionate People To Help Build Your Business

Our unparalleled portfolio of powerhouse brands, such as OREO, CHIPS AHOY!, belVita, RITZ, WHEAT THINS, TRIDENT, STRIDE, DENTYNE, SWEDISH FISH, SOUR PATCH KIDS and HALLS, have proven customer acceptance.

Support & Resources

Our total offering to foodservice goes far beyond some of America's most recognizable brands – Mondelēz International Foodservice puts vast resources at the disposal of its customers. We go beyond our brands and offer you a hand with your business. In our Snacks & Desserts Solutions program, designed to help build your business,

we bring you menu ideas and insights along with real-world business solutions. Pulling from the talent behind our Culinary Center, Snacks & Desserts Solutions provides recipes and product-enhancement charts. Our culinary articles focus on relevant trends and how you can infuse those trends into your menu. Our business articles offer insight into today's issues – from practical cost-cutting ideas to leveraging the local trend and engineering more enticing menu language.

- **Real-World Culinary Expertise** – Our team at the Culinary Cen-

OUR culinary articles focus on relevant trends and how you can infuse those trends into your menu.

ter understands the difference between sustaining trends and flash-in-the-pan fads, and translates relevant trends into wonderful menu items. Our chefs offer real-world experience, truly understanding the challenges faced by today's operators. They offer recipe development that not only inspires, but answers the specific challenges faced in professional kitchens.

- **Unified Sales Force** – Mondelez International has one of the largest manufacturer's sales organizations dedicated to foodservice in the country. Our customers have one contact for accessing all of our resources. In addition, we've consolidated our customer service and supply chain infrastructure to make it easier for our distributor customers to do business with us.
- **Merchandising Solutions & Promotional Tools** – Built to deliver maximum impact, our merchandising tools come in all shapes – from product catalogs to our interactive snack rack builder. We have the tools to help operators build their business.
- **Specialized Support for Vending** – Responding to vending needs, Mondelēz Global has brought together every product type – snacks, gum, candy and cough drops– under one umbrella of top-selling brands. Our team of vending enthusiasts is ready to help operators make the most of today's sophisticated machines. This translates into maximum convenience for operators, reliable product availability, a satisfied consumer and higher sales and profits.
- **Marketing Services** – Our marketing services team has the expertise and resources to help our customers with their consumer insights, digital/social marketing, and marketing/promotion needs. ■

For more information on Mondelez Foodservice please visit fs-snacks-desserts.com.

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