



2017 Products Of The Year **page 18**

Automatic MERCHANDISER

The Vending, Micro Market &
Coffee Service Industry Resource

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SUCCESS STORY:

BUILDING BUSINESS with a Team Focus

MICRO MARKETS:

How They Got Me Fired
page 40

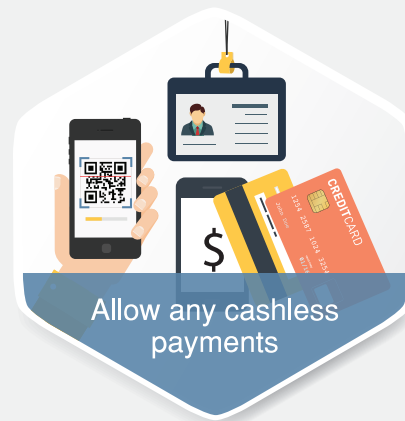
SMALLOP:

The Lost Art Of Closing
page 36

Oklahoma Independent outperforms others by enthusiastically collecting and analyzing data while fostering a culture that celebrates people.
page 50

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Item # R20003
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Item # R21001
FREE 2 tier magnetic wire Rack.



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Item # R30003
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Item # R3WALL
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18 ▶ Products of the Year 2017

It's our pleasure to announce the 10 products that have been voted 2017 Products of the Year by about 650 readers.

SUCCESS STORY OPERATION PROFILE



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This operator outperforms other operations by enthusiastically collecting and analyzing data while fostering a culture of positive values that celebrates its people.



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How changing technology is opening the doors for even more ways to make vending machine data mobile.

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How to use organic search listings and paid listings to build your business.



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If you don't close a sale for your company, nothing else matters.

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MEDIA



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To grow your vending business, you need a winning strategy to capture new locations, defend your base locations and increase same-store sales. That means offering the most advanced equipment available today - equipment that attracts new consumers and provides an engaging retail shopping experience. Media not only helps you sell more, it also enables you to manage your business more effectively via over the air updates for firmware, advertising content, planograms, and price changes.

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www.vendingmarketwatch.com/12318775

▶ GUEST BLOG: How Many Stars Does Your OCS Rate?

www.vendingmarketwatch.com/12296591



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▶ EDITOR'S BLOG: The Elephant In The Room – Consolidation

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SPECIAL REPORT



2017 Micro Market Pulse, First Quarter

Micro market outlook remains strong and promising.

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Automatic

MERCHANDISER



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New!



Deli-Fresh Quality without the Waste featuring Flavor-Guard™ Packaging System

Any way you look at it, Fresh-Cut is the better choice in cold sandwiches. We start with the finest ingredients, like homestyle breads, natural cheeses and premium meats. Then we lovingly protect it in our new, Flavor-Guard™ clear packaging that lets you fully see the deliciousness that awaits inside. For deli-fresh quality with less waste, nothing will grow your sandwich program like Fresh-Cut.

Only from AdvancePierre Foods.



Average foodservice product
spoilage cost = \$879.00
per store, per month.

Source: NACS State of the Industry
Annual Report, 2015 data

Consumers want as much of the
deli **sandwich visible** as possible.
This allows them to see the freshness and
know that nothing is being hidden.



Source: Packaging Research, proprietary quantitative research, APF, 2016



Across all demographics,
Taste and Freshness
are the **#1 and #2 criteria**
for purchasing a sandwich

Source: Usage and Barriers Study, proprietary
quantitative research, APF

Technology Is Moving Faster Than Ever

Vending has always been a slow industry to adopt technology, but that is changing quickly as younger generations step up and the percentage of operators with technology increases.

Cashless payments, dynamic scheduling, vending management software —these technologies have been around for at least a decade, if not longer. Yet, the march towards implementation of technology in the vending industry has been slow. Progressive operators led the pack with the initial investments and data partnerships, but more cautious temperaments were common, keeping investments in software and hardware lagging. All that has changed, however.



**TECH-
nology
puts
control
back
in your
hands.**

In the last 5 years, industry specific technology has leapt forward. The percentage of vending machines with cashless readers for example went from 3.5 percent in 2010 to 15 percent in 2015. In 2010, our State of the Industry Report didn't even ask about micro markets, but by 2015, these technology-enhanced refreshment solutions were accounting for 10 percent of overall sales volumes. There are more vending management

systems than ever, and legacy systems are moving towards new ways of offering efficiencies, such as using mobile devices in place of handhelds. Read about the new path of vending data on page 26.

New generation

All the technology providers I talk to in the industry say the same thing — they've been busy. Busier

than ever before. Undoubtedly, there is a push forward due to the younger generation moving up the ranks of the family vending, micro market and office coffee service businesses. They are more of the decision makers now, and have experienced the benefits of technology firsthand with technology in school, the rise of social media and even just with personal mobile devices. Another aspect is that as more operators add this technology, their competition must add it also, in order to remain competitive. I heard Alan Munson from Parlevel call it a type of "Keeping up with the Jones."

Big data continues

Just as important as technology hardware, is the data it collects and how it is used. Our success story on page 50 talks about an operator who has been able to value people, but also data. It has opened doors to promotions with manufacturers and suppliers. This is a story I've been hearing a lot lately, how there was suddenly more opportunity because the level of data available and quality of data was robust. The operator we featured this month said technology brought about such efficiencies in vending that when he launched micro markets, even their initial jump in sales didn't make them as profitable as vending. All that has changed, of course, but it speaks to the power of technology and data.

The future of vending, micro market and office coffee service is hurtling towards us, and it is not business as usual. It is full of technology that puts control back in the owner's hand. Plus it makes us more intuitive and usable for the consumer, who has changed so much. Smartphone interfaces, loyalty programs and cashless are just the beginning. | ◀

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Ham & Cheddar with Crackers	16/3.2 oz.	3.2 oz.	000000447000245800
Ham & Swiss with Crackers	16/3.2 oz.	3.2 oz.	000000447000245400
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Extra Cheesy Pizza	16/4.2 oz.	4.2 oz.	000000447000241100

For more information, contact your Kraft Heinz sales representative today!

NAMA Announces Industry Award Honorees

The 2017 NAMA Industry Awards will recognize the most widely respected leaders in the industry, as nominated by their peers, and be awarded live at the NAMA OneShow April 19. The 2017 winners are:

- Randy Smith, President & CEO, LightSpeed Automation – Industry Person of the Year
- Lance Whorton, President & CEO, Imperial – Operator of the Year
- Mandeep Arora, Co-Founder & CEO, Cantaloupe Systems – Allied Member of the Year



Mandeep Arora, Lance Whorton and Randy Smith, the 2017 winners.

“The Industry Awards are a cherished NAMA tradition, recognizing individuals who have served the industry and NAMA as leaders, innovators and advocates,” said Carla Balakgie, NAMA CEO. “Randy, Lance and Mandeep have helped their companies achieve success while devoting their time and talent to advancing the industry as a whole, and supporting their colleagues and communities. They are an inspiration and I congratulate them each on this well-deserved honor.”



Google Takes Aim At Re-Routing The Vending Industry

► Google Maps for Work, a division of Google, Inc., is taking a closer look at the vending industry. The company's knowledge of location addresses, fastest routes and access to the latest on what's happening out on the roads, makes it a valuable partner in handling the complexities of fleet management. In partnership with vending technology and solutions provider, Vagabond, Google's foundational mapping technology is now lending a helping hand to hundreds of vending fleets to help them operate better, more profitable businesses.

Gilly Vending Goes All In With PayRange

► In December 2016, Gilly Vending Inc. announced adding George State University to their client roster. Their multi-year agreement serves over 50,000 students and faculty with state-of-the-art machines now accepting PayRange. Within 30 days from installation at GSU, 1 in 5 consumers made a purchase with the PayRange



app. For the first time, Gilly saw a new revenue stream from mobile.



One Step Vend

One Step Vending Corp. Adds 18 Micro Markets In Six Weeks

► One Step Vending, Corp. (KOSK), a holdings company specializing in market disruptive acquisitions with an emphasis in the self-serve vending market, announced they have completed 18 micro market location installations over six weeks, with accelerated growth expected to continue as the company shifts focus to national expansion.

Pepsi Fights Soda Tax With Smaller Bottles

► Pepsi is reportedly pulling 2-liters and 12-packs of its products from Philadelphia grocery store shelves as a result of the city's new tax on sweetened drinks says CNBC. Pepsi is quoted as saying it wants to offer products and sizes that “working families can better afford.” The Philadelphia tax imposes a 1.5-cent-per-ounce tax on sweetened and diet beverages at the distributor level. The tax amounts to \$1.44 on a six-pack of 16-ounce bottles when fully passed onto the consumer.

Avanti Markets Honors Operators' At Annual Operator Meeting

► Avanti Markets Inc. held its Annual Operator Meeting in Atlanta, GA, Feb. 28 to Mar. 2, 2017 for its affiliate network of operators. This meeting previewed the new tools and solutions the company is deploying to accelerate operators' business expansion and drive greater performance in 2017. The meeting also celebrated the operators' achievements by recognizing six individual operators for their growth-minded progress and innovation.

Award winners included:

- Operator of the Year: Servomation Refreshments, Inc.
- Customer Appreciation: Apple Automatic Food Service
- New Operator Spotlight: Total Vend
- Coffee Spotlight Recognition: Ace Vending
- Micro Market Legislative Advocate: Paul Tullio, Venue Fresh Markets
- Growth Performer of the Year: Monumental Vending

Grow Healthy Vending Announces Lawsuit Settlement

▶ Grow Healthy Vending LLC announced that the company has entered a settlement agreement to resolve the pending litigation between itself and 1800 Vending DBA Healthy You Vending. (Civil No. 1:14-CV-00121-CW/ United States District Court for the District of Utah). Chris Wyland, CEO of Grow Healthy Vending, said he was more than happy with the settlement of the dispute, but did not elaborate on the terms.



Cantaloupe Systems Partners With Gimme Vending, Expands Seed

▶ Cantaloupe Systems, the vending industry's premier provider of cloud-based, mobile technologies that deliver an integrated end-to-end vending and payments solution, announced it has entered into a partnership with Gimme Vending, maker of innovative unattended retail technology that provides vending executives with sales, cash, inventory and service data.

The partnership allows Cantaloupe to integrate Gimme Vending's cutting edge Bluetooth technology into its front-end driver software, Seed Mobile, expanding new capabilities to its existing solution.

Embedded into Cantaloupe's new Seed Key, Gimme's technology provides users with a wire-

less device for drivers to easily download DEX from machines in areas where it is impossible or impractical for a telemetry device, or in areas with little to no cell coverage. About the size of a car key fob, the Seed Key easily fits in a driver's pocket and allows operators to connect their entire operation. The key also integrates with Seed Mobile, using Bluetooth Low Energy (BLE) for strong security and easier setup than legacy Bluetooth devices.



NCA Releases 2017 National Coffee Drinking Trends

▶ The percentage of Americans drinking coffee on a daily basis increased to 62 percent this year, up from 57 percent in 2016, according to the NCA's 2017 National Coffee Drinking Trends (NCDT) consumption tracking report, released at the NCA Annual Convention. The increase brings past-day overall coffee consumption back above 2014 levels, reversing slow declines since 2013.

Among the drivers behind the increase was soaring consumer enthusiasm for gourmet coffee varieties across most demographics. Another key driver was a robust increase in past-day coffee drinking among younger consumers, whose consumption data is being debuted in this year's NCDT and detailed in a separate report, *Generational Report: Coffee Through the Ages*.

People in the News

NAMA's Executive Vice President And COO Dan Mathews Will Retire

NAMA's Executive Vice President and Chief Operating Officer Dan Mathews officially announced his retirement, effective July 1, following 18 years of service. Dan's experience at NAMA was the capstone of a 50-year career in the industry with leading corporations including Aramark and earlier, Chrysler.



Mathews

Marvin Miller Retires, After 50 Years Of Service

Vendors Exchange® announced that Marvin Miller will retire, after serving 50 years in the vending industry. He will continue to serve VE®, as an International sales manager through the end of 2017. Marv has seen many changes during his career and mentored several employees throughout his tenure.



Miller

USA Technologies Appoints Priyanka Singh As Chief Financial Officer

USA Technologies, Inc. (USAT), a payment technology provider of cashless and mobile transactions in self-serve retail, announced that Priyanka Singh has been appointed as the company's new chief financial officer, effective March 31, 2017. She replaces interim CFO, Leland P. Maxwell, who will continue with USAT in a senior finance role.



Singh

The Hershey Company Announces Mary Beth West As Chief Growth Officer

The Hershey Company announced the appointment of Mary Beth West as its new senior vice president and chief growth officer. West will join the company on May 1.



West

Industry Veteran Of 65 Years Retires

After more than 65 years in the industry, Jerry Horan, vending consultant at VendTek Wholesale Equipment, Inc. in Wixom, MI, is set to retire once more at the end of March. Horan served in Active Duty Army Artillery before attending Loyola University in his native Chicago, where he earned a BSC in Business Administration, as well as being elected to the Blue Key National Honor Fraternity.

Beverage Tax Flexibility Granted For Cook County, IL

In a recent letter to NAMA members, Eric Dell senior vice president of government affairs, gave an update following the passage of Cook County, IL's sweetened beverage tax. Dell indicated that after outreach and education by NAMA and Chicago convenience services industry leaders, Cook County Department of Revenue provided flexibility for certain vending operators to register as a distributor and remit the County's sweetened beverage tax payments.



Criteria for registration

The flexibility provides that retailers (vending operators) who meet the following criteria are permitted to register with the Department and remit monthly tax returns in the same manner as a distributor:

- (1) The retailer is not also a distributor by definition (further clarification provided below);
- (2) The retailer has multiple (more than 2) retail locations, both inside and outside of Cook County;
- (3) The retailer stores product it purchases from other businesses in a retail distribution center; and
- (4) The retailer transports product from its retail distribution center to its retail locations, both inside and outside of Cook County.

for Accent Food Services. This transaction rounds out Accent's Total Refreshment Solutions platform within its High Sierra Division.

Hasty Tasty Food Service Buys HVP Vending of Morrison, IL

► Hasty Tasty Food Service (HTFS), a Canteen franchise in Davenport, IA, also operating as Valley Vending, has acquired HVP Vending, Inc. of Morrison, IL. HTFS closed its Clinton, IA, branch in favor of moving operations to Morrison. It will continue to service the eight existing HVP routes and offer employment to most of the HVP workers.

Adviser on the transaction was Marc Rosset, founder and president of Professional Vending Consultants, a specialized intermediary for acquisitions of full-line vending and office coffee service companies in the U.S. and Canada.



Azkoyen Group Launches Azkoyen US

► Azkoyen Group, a market leader in the manufacturing of vending and OCS machines based in Europe is pleased to announce the formation of Azkoyen US. Based in Peralta, Spain with operations in the UK, Germany, France, Belgium and Colombia, Azkoyen sees the US as an emerging market for the technology and innovation that their coffee machines are known for in Europe. Azkoyen US will be headquartered in the Charlotte, NC area and managed by Si Rawls.

CALENDAR OF EVENTS

APRIL 19-21

2017 NAMA OneShow

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

APRIL 20-23

Global Specialty Coffee Expo

Washington State Convention
Center, Seattle, WA
Phone: 562-624-4100
coffeexpo.org

MAY 17-19

MAMA Annual Convention

Camden on the Lake Resort, Spa
and Yacht Club,
Lake Ozarks, MO
Phone: 314-627-0690
www.mamavending.org

JUNE 1-5

New England Vending
Association Spring Meeting
The Newport Harbor Hotel and
Marina, Newport, RI
www.massvending.org

JUNE 8-9

Maryland DC Vending
Association Annual Meeting
Clarion, Ocean City, MD
www.mddcvending.org
Phone: 571-346-1900

JUNE 22-25

Kentucky Automatic
Merchandising Council Meeting
Burkesville, KY
www.kyvending.org
Phone: 513-608-0165



Accent Food Services Acquires Java Pro's In Reno/Sparks, NV

► Accent Food Services has acquired Java Pro's, a premier provider of Convenience, Pantry & Office/ Coffee solutions in the Reno/Sparks, NV area. This acquisition marks the sixth acquisition of 2017



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NAMA OneShow #1651



Researchers Release PUBLIC GENOME SEQUENCE For Common COFFEE SPECIES

By Brittany Farb Gruber, Associate Editor

This information is crucial to providing high-quality, disease resistant coffee varieties that can handle climate change.

In January, researchers at the University of California, Davis, released the first public genome sequence for *Coffea arabica* (*C. arabica*), the species responsible for more than 70 percent of global coffee production.

“This new genome sequence for *C. arabica* contains information crucial for developing high-quality, disease-resistant coffee varieties that can adapt to the climate changes that are expected to threaten global coffee production in the next 30 years,” said Juan Medrano in the project’s news release. Medrano is a geneticist in the University California, Davis, College of Agricultural and Environmental Sciences and co-researcher on the genome project. The sequencing was conducted through a collaboration between Medrano, plant scientists Allen Van Deynze and Dario Cantu, and postdoctoral research scholar Amanda Hulse-Kemp, all from the University of California, Davis.

“We hope that the *C. arabica* sequence will eventually benefit everyone involved with coffee — from coffee farmers, whose livelihoods are threatened by devastating

diseases like coffee leaf rust to coffee processors and consumers around the world,” added Medrano.

C. arabica is a hybrid cross derived from two other plant species, *C. canephora* (robusta coffee) and related *C. eugenoides*. Unlike many plants and humans, which have only two chromosome sets, *C. arabica*’s complex genome has four sets of chromosomes.

The study used a combination of the latest technologies for genome sequencing and genome assembly from Dovetail Genomics of Santa Cruz, California, revealing an estimated 70,830 predicted genes.

Details of the sequence were presented at the Plant and Animal Genome Conference in San Diego on January 15. The new genome sequence is available for immediate use by scientists and plant breeders worldwide on Phytozome.net, the public database for comparative plant genomics coordinated by the U.S. Department of Energy’s Joint Genome Institute. Funding for the sequencing was provided by Suntory group, an international food and beverage company based in Tokyo.



Good Land Organics farmer Jay Ruskey, left, and University of California, Davis, researcher Juan Medrano at Good Land Organics. (© Regents of the University of California, Davis campus. All rights reserved.)

A bloom on a coffee tree at Good Land Organic. (© Regents of the University of California, Davis campus. All rights reserved.)

“We anticipate that functional analysis of the genes identified by the *C. arabica* sequencing will lead to development of new, disease-resistant coffee varieties with enhanced flavor and aroma characteristics,” said Yoshikazu Tanaka, senior general manager for Suntory Global Innovation Center Limited, in the news release.

California connection

Sequencing of the *C. arabica* genome is particularly meaningful for California, where coffee plants are being grown commercially for the first time in the continental U.S. and where the specialty-coffee industry is emerging.

During the project, the university’s research team was introduced to farmer Jay Ruskey. Ruskey, with assistance from the University of California Cooperative Extension farm advisor Mark Gaskell, was growing the first commercial coffee plants in the continental U.S. at his Good Land Organics farm near Santa Barbara, CA. Although coffee is a tropical crop that is traditionally grown around the world in a geographic belt that extends no more than 25 degrees north or south of the

equator, coffee trees at Ruskey’s Central Coast farm are producing high-quality coffee beans at a latitude about 19 degrees north of any other commercial coffee plantations. Ruskey has also planted coffee trees on 20 other farms stretching from San Luis Obispo south to San Diego, creating what he hopes will be a new specialty-coffee industry for California.

Alongside Ruskey, researchers collected DNA and RNA samples from different tissues and developmental stages of 23 Geisha coffee trees growing at Good Land Organics. Geisha, known for its unique aromatic qualities, is a high-value *C. arabica* variety that originated in the mountains of western Ethiopia.

Plant material from one of the trees — UCG-17 Geisha — was used for developing the *C. arabica* genome sequence.

Future plans

Going forward, the researchers plan to focus on identifying genes and molecular pathways associated with coffee quality, hoping to better understand the flavor profiles of Geisha coffee. They have already sequenced samples from 22 other Geisha coffee trees to learn about the genetic variation within that variety and among 13 other *C. arabica* varieties, which are important for developing plants that can resist disease and cope with other environmental stresses. | ▶

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Fraction Pack

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Now available in Foodservice, luxurious

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delivers a uniquely bold flavor with an
exceptionally smooth finish and aroma.

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

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THE CHAMPIONS OF INNOVATION 2017

READERS' CHOICE AWARDS

By Brittany Farb Gruber, Associate Editor

**It's our pleasure to introduce the 10 products
that have been voted 2017 Products of the Year
by more than 650 readers.**





Each year, *Automatic Merchandiser* asks readers to vote for their favorite, most requested or best-selling products in the vending, micro market and office coffee service industry. Entries range from consumers' favorite new snacks and beverages to the industry's most innovative equipment and vending technologies.

This year, about 650 readers cast their vote online in a month-long period for their favorite products in 10 categories: Cookie & Pastry, Better-For-You, Food, Salted Snack, Office Coffee Service Products, Office Coffee Equipment, Candy, Salted Snack, Equipment and Technology. Winners show market trends for flavorful snacks, unique and sophisticated coffee experiences and a growing demand for innovative vending technology and equipment.

Flavor, flavor, flavor

Snacks containing full flavors made a mark in this year's awards. In the salted snack category, **Snyder's-Lance, Inc.** got the win with their **Sweet & Salty S'mores Pretzel Pieces** featuring the sweet flavors of marshmallows and chocolate sprinkled on classic salted sourdough pretzel pieces. In the better-for-you category, **KIND's Nuts & Spices** and **Fruit & Nut Bar** line expansions took home top honors not only for its taste but also for its healthy approach to snacking. KIND's Nuts & Spices line has just 5 grams of sugar or less per bar, which is 50 percent less sugar than the average snack bar that contains 12 grams.

"Our Nuts & Spices and Fruit & Nut snack lines are made with ingredients you can see and pronounce and we want people to feel good about what they're putting into their bodies," said Stephanie Perruzza, dietitian and health and wellness specialist at KIND. The number one ingredient in all of our snacks is a nutrient-rich ingredient like nuts, whole grains or fruit, making KIND a great go-to snack staple.

Full-bodied flavor also took center stage in this year's food category. **AdvancePierre Foods** continued its winning streak and snagged the title in the food category with its flavor-packed **BIG AZ Sriracha Grilled Chicken Sandwich**.

Sweet & Salty S'mores
Pretzel pieces
Snyder's-Lance, Inc.
Salted Snack



KIND Nuts & Spices
and Fruit & Nut Bar line
expansions
by KIND
Better for You



BIG AZ Sriracha Grilled
Chicken Sandwich by
AdvancePierre Foods
Food



Snickers Crisper
by MARS Chocolate
Snack



“Sriracha sauce, with its sweet heat, is right on trend, especially with Millennials,” said Nancy Todys, vice president of convenience marketing at AdvancePierre Foods. “The grilled chicken makes it a great choice for consumers seeking satisfying, flavorful, better-for-you sandwich options.”

Twists on the traditional

Snacks providing a fun twist on long-time favorites also had a good showing in this year’s awards with **Snickers Crisper** by **MARS Chocolate** voted favorite candy among readers. The Snickers Crisper offers the classic Snickers caramel chewiness alongside the crunch of rice and peanuts.

In the cookie and pastry category, readers voted **Mondelez International’s OREO Thins** as fan favorite. Taking into consideration the 100-year history of OREOs, the thin twist on the classic cookie has been a popular hit among sweet-teeth across the country looking for a thinner, crispier treat. It is also a healthier alternative for those watching their waistlines: The original OREO contains 42 calories per cookie, while an OREO Thin has just 35 calories.

“OREO Thins is a new take on the classic cookie,” explained Rachel Reed, channel marketing manager for foodservice and vending at Mondelez International. “The crisp and delicate texture of OREO Thins was designed for fans who love the taste of OREO but are looking for a more sophisticated cookie.”

OREO Thins by
Mondelez International
Cookie and Pastry



NEW!

**BIG
AZ**

SRIRACHA? You Betcha!

*Tender Grilled Chicken with just the
right amount of Sriracha Heat*

Products of the Year
**READERS'
CHOICE
AWARDS**
— 2017 —

Automatic
Vending
MAINTENANCE



According to Technomic, Inc., Sriracha is pouring on the heat with a 72% jump in menu incidence in the past 2 years. Sriracha is particularly popular among younger consumers like millennials. Keep your lunch and dinner selection fresh and on-trend. Add the BIG AZ Sriracha Grilled Chicken Sandwich to your menu today!

For more information, contact us
at BIGAZ@advancepierre.com


AdvancePierre
Foods

FLAVIA Creation
500 single-serve brewer
by Mars Drinks
North America
OCS Equipment



Tribe Sweet Tea by
Push Beverage Corp.
Cold Beverage



Coffee favorites

Similar to 2015, 2016 was a strong revenue-driving year for the OCS market. In the OCS equipment category the **FLAVIA Creation 500 single-serve brewer** by **Mars Drinks North America** took home the title, reflecting consumers' growing desire for a unique, flavorful coffee experience. The FLAVIA Creation 500 is marketed to blend stylish design with enhanced drinks and menu display options that make it easier for consumers to create and enjoy the perfect brew.

The demand for quality, rich and flavorful office coffee products also was shown in the OCS products category with **Folgers Black Silk Coffee** by **J.M. Smucker Co.** taking the top title. Flavor takes top priority with this blend, aimed toward fans of dark-roasted coffee with bold, yet exceptionally smooth undertones. Folgers continues to be an iconic brand with 150 years of history of providing consistently rich brews. Black Silk was released to foodservice in 2016.

Natural Sweetness

In the cold beverages category, **Tribe Sweet Tea** by **Push Beverage Corp.** took home the gold. The beverage is a real brewed tea sweetened with pure cane sugar with no artificial flavors, colors or preservatives, reflecting the trend of more natural flavoring for drinks. The eye-catching package also has gained attention in micro markets while still having an ultra-vendible bottle to use in vending machines.

"Our Tribe Sweet Tea was such a great addition to our seven other great tea flavors," said Laurel Whitney, chief financial officer and acting general manager at Push Beverages. "Today, people are looking for more natural options and our real-brewed Tribe Teas are sweetened with pure cane sugar and have no preservatives added. Between that and our attention-grabbing package, we knew this one was a winner."

Methodology

Readers' Choice Products of the Year were voted on by about 650 *Automatic Merchandiser* and *VendingMarketWatch.com* readers in a period between January 2017 and February 2017 via a survey promoted through email, print and social media.

All products nominated were released and submitted to the editorial staff in 2016.



Products of the Year
READERS' CHOICE AWARDS
— 2017 —

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MARS DRINKS™
FLAVIA® Creation 500



Coffee Shop
Merchandiser



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Folgers
Black Silk Coffee by
J.M. Smucker Co.

OCS Products



365 Inside
365 Retail Markets
Technology



Hello Goodness
Vending Machine by
Pepsico Foodservice
Equipment



Tech and equipment favorites

The vending industry has been increasingly embracing innovation over the past several years, recognizing its value and necessity for efficiency. Launched last September, **365 Retail Markets' 365 Inside** was the overwhelming favorite in this year's technology category. 365 Inside is a hardware add-on device for vending machines that, in combination with the 365Pay app, creates a seamless cashless payment, reporting and communications structure, as well as wireless real-time alerts, operational data and nutritional data.

"365 Inside is an innovative step towards connecting more points of sale in the workplace," said Joe Hessling at 365 Retail Markets. "Adding 365 Inside to vending machines connects cashier POS, mobile only markets, nanomarkets™ and the original MicroMarkets via our 365Pay app for a truly connected campus."

On the equipment side, innovation also has been top of mind among industry members. Following that trend, the **Hello Goodness Vending Machine** by **Pepsico Foodservice** won fan favorite in the equipment category. The unique vending units debuted in the U.S. throughout 2016, offering healthier beverages for consumers with several smart design features including a digital point-of-sale touch screen with product nutritional information, the ability to offer real-time consumer preference insights to inform future offerings, dual climate-control shelving that allows both perishable and non-perishable items to be easily vended together at the correct temperature, and cashless and digital vending capabilities.

"The launch of Hello Goodness revolutionized the vending industry, and we are incredibly proud to be recognized for providing on-the-go consumers with access to healthier, affordable and great-tasting snacks and beverages," said Anne Fink, president of global foodservice at PepsiCo, Inc. "As customer and consumer demands continue to evolve, we will continue to evolve the Hello Goodness platform by innovating new equipment and curating new products."

New products continue to drive the industry forward. By meeting consumers' needs, these types of unique and fresh products have the ability to drive up profits and inspire further innovation. As a result, it is our pleasure to support and promote these leaders' contributions. | ◀



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Forging A **NEW** Path

How changing technology is opening the doors for even more ways to make vending machine data mobile.

By Emily Reformat, Editor

For years, handhelds were the preferred method of downloading vending machine data. They were faster than paper and pencil, allowed the data to be used in a vending management system, and then analyzed. They offered better cash accountability and some prekitting options. When telemetry burst into the vending channel allowing vending machines to connect to the internet via Wi-Fi or cellular signal so all of this DEX data could be sent instantly, it was eye-opening. The early adopters jumped at the chance to get accurate real-time data that could be used to prekit product in the warehouse and alter delivery schedules to be more efficient. However, the cost involved in the units, monthly fees for the cellular data sig-

nal as well as a hesitance to invest in new technology, kept vending data exchange upgrades relatively slow. In 2017, there are more solutions than ever, representing different aspects of the data exchange path, and operators are finding it easier, increasingly cost-effective and more compelling to transfer DEX data from the location using new technologies.

Mobile devices over handheld

“The trend is moving towards mobile devices, rapidly,” said Kirn Reis, vice president of business development for Crane Connectivity Solutions. In conversations with operators, Reis has heard many times that what they want is a way to leverage technology investments they already made and have an easier user interface. Reis believes mobile devices are the solu-

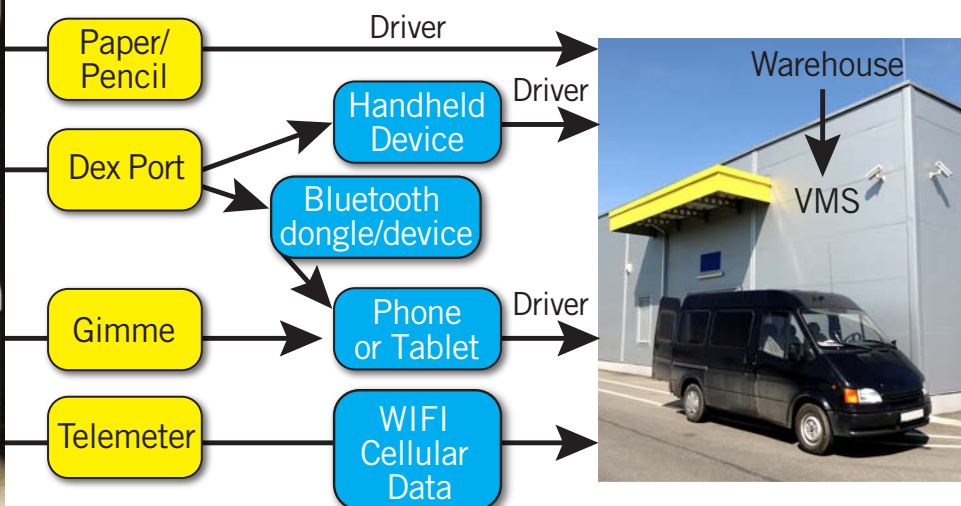
tion. “They are more intuitive. Think about how many people interface with a mobile device on a daily basis. They understand and know how to use it decreasing training time,” said Reis. The mobile device has advanced computing capabilities as well — Bluetooth, GPS, a larger screen, etc.

While Crane currently offers two mobile apps, Service Technician and Crane Cashless, the app for route drivers has not been released yet. However, Reis was confident about what it will offer operators when it is launched. “It will have all the core route driver functions, and the workflow will be similar to the handheld process with a new interface,” she said. The route driver will carry a Bluetooth dongle to plug into the DEX port of a vending machine. It will then send the data wirelessly to the mobile device. The app

Vending Machine



Path of DEX Data Exchange



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will be designed for either iOS (Apple) or android — smartphone or tablet, offering flexibility. “The commercial release will be before the NAMA One-Show in April,” said Reis about the mobile app. It is already being tested.

Anant Agrawal, president and CRO of Cantaloupe Systems echoes the trend in moving towards a “smart” mobile device for vending data exchange, with or without telemetry, due to better usability, cost and efficiency. “When operators first implement handhelds there is a lot of training and retrain-

ing that has to take place, not to mention the added expense if they have to repair a

handheld,” said Agrawal. “There is already an established comfort level that people have with smart phones, so by enabling our software, Seed Mobile, on an iPod or smart phone device, it became not only an easy adoption, but a cost effective approach to what was traditionally done.” He argues that the added features, such as a camera, ability to scan bar codes, and addition of multiple apps, make the smart mobile device far superior.

Cantaloupe Systems already offers a mobile app for drivers called Seed Mobile. It can be used in conjunction with a telemeter or cashless device that is sending remote data as well as let drivers make notes or corrections. Seed Mobile can also be used with a Bluetooth device that plugs into the DEX port to transmit data wirelessly.

Making mobile more flexible

Relatively new entrant to the vending industry, Gimme was founded in 2014 and started offering what is essentially a way to replace the handheld, which works with existing VMS systems. Gimme’s patented plug-and-play solution has two parts. First is the Gimme Key, which plugs into the vending machine DEX port and enables DEX-ing without cables or pairing.

The other is Gimme Drive, basically a highly-visual mobile app that the route driver uses in lieu of the handheld, but everything is downloaded wirelessly and uploaded into the Gimme cloud.

“The biggest plus has to do with how users interface with the software,” said Gimme co-founder and CEO Cory Hewett. He recalls operators sharing stories of handhelds being cumbersome for their drivers to use, because of styluses, small buttons and frequently cracked screens. “Our solution has picture planograms to make servicing

machines easier. We have measured, and using Gimme results in a 12 percent reduction in out of stocks and 1.1 percent lift in the top line revenues due to less data errors,” he said.

Hewett recommends iPad Minis to his customers due to the larger screen, but the app works on any iOS mobile device (not Android). The Gimme Key is battery operated so doesn’t require separate power or a cellular signal. The information is either saved in the Gimme cloud server and then sent to the operation’s existing VMS provider, such as Crane’s VendMax, or directly to the existing VMS mobile app such as with Cantaloupe System’s Seed Mobile.

Flexibility means more than just which VMS an operator can use. It almost includes what other benefits a “smart” mobile device offers over handhelds. Alan Munson, former vending operator, and chief commercial officer at Parlevel Systems, has priced handhelds, new for \$1500 when an iPhone 6 is \$200, and believes the benefit is that they do so much more. “With an app that is built into Google Maps, for instance, it allows the operator to track the driver,” he said. “You can’t do that with a handheld. The platform is not robust enough.” Mobile

devices are an advantage for real-time service calls as well, whether it’s a note to stop by a different location or refilling a vending machine that is out of change. “You can push notes to the driver in real-time,” said Munson. “It lets you deal with issues in a timely matter instead of waiting until the handheld comes back to the building and the data has been downloaded. By then, the problem happened earlier in the day or even the day before.”

Parlevel offers an app because despite being a telemetry company,

there needed to be a process that allowed on location changes.

“The drivers need a way to account for

refunds while in the field or changes made in the coin mechanism,” said Munson. The company offers the app for iOS and android platforms.

While some operations purchase phones or tablets for the drivers for collecting DEX data or making notes if the machine has telemetry, Munson has also seen a number ask drivers to use their personal devices. “If it’s his personal phone, the driver is less likely to leave it around,” said Munson. Operators that ask drivers to use personal phones usually offer a stipend, perhaps \$15 a month, notes Munson.

Handhelds have been a work horse in many industries, including vending. However, with smartphones and tablets becoming more common and affordable, the need for a handheld device is changing. Apps and vending software companies are making it easier for operators to choose a “smart” mobile option when downloading DEX data from machines that aren’t connected to the internet. For many, it is a good alternative when machines don’t warrant or allow for a telemetry/cashless device that would send wireless real-time DEX data. It’s one more option that will help operators to develop more efficient processes. | ◀

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SEO + SEM = SUCCESS

By John Healy, Contributing Editor

How to use organic search engine listings and paid listings to build your business

When you had your company's website built, like so many people, you may have believed that once your site launched, customers were going to flock to it and your sales would take off. But it's just as likely that no one told you that, in order for potential customers to find your site, you had to ensure that it was optimized to rank highly on the leading search engines: Google, Bing and Yahoo!. Soon enough you realized that your prospects couldn't find you in a sea of thousands of similar sites.

SEO, or Search Engine Optimization, is a complex task that takes time and involves several steps performed in a specific order for it to work correctly and get you the results you desire. SEO done well can certainly improve your rankings on Google (for this article I will use Google since it is the largest search engine of all). However, in order to really impact sales you need to engage in both SEO and SEM, Search Engine Marketing.

Let's begin with SEO. The goal of good SEO is to demonstrate to Google that your company is the authority in your industry, your market segment and your geographic service area.

Keywords are key

Identifying the keywords that your prospects will be using to search for your vending, OCS or micro market

services is critical to effective SEO. Review the on-page SEO on every page of your website to make sure Google sees why your company deserves to be ranked for the keywords you're targeting. There are a variety of keyword identification and planning tools available today, some free.

You could also conduct a competitive review of the websites of your closest competitors, namely those companies that "keep you awake at night," to glean additional keywords that can be added to your SEO program.

Adding pages to your site that include your keywords is an excellent way to ensure you remain on page 1 or page 2 of Google's search results. The reason for this is that Google's crawlers are always looking for new content. The more you have, the higher you rank in searches. Adding new pages — through a blog, for instance — allows Google to index them, thereby enhancing your authority in the industry and your geographic service area.

As part of your keyword effort, be sure that the title tags and meta descriptions for your website pages are optimized. Also, check to be sure all of the photographs and other graphic images on your site have meta descriptions embedded



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their growth and success. His affiliation with the industry dates back to 2009. Reach him at jhealy@healyco.com or through the LinkedIn group: Vending, OCS & Micro Market Sales & Marketing Executives Network.

in them because search engines can't "see" a photo/image, but they can read its meta description. All these pieces of source code for your site should absolutely include your keywords.

Before we leave the world of keywords, a note of caution: Be careful NOT to engage in keyword stuffing. There are almost as many opinions on the ideal number of keywords per page as there are SEO experts. It typically depends on the length of a web page.

There are several types of keyword stuffing to avoid in the event they are recommended to you. One way is to insert repeating keywords within the input type="hidden" field or the keyword tag so that the keywords are not seen by site visitors but are read by search engines. Another way is called invisible keyword stuffing in which the keyword text is made the same color as the page's background, rendering it "invisible" to site visitors but visible to search engine crawlers.

Other SEO enhancements

Following are a few additional actions you can take to boost your position in the search engines:

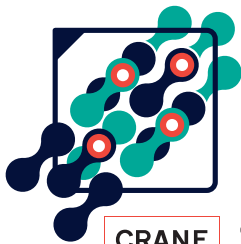
- Citations are defined as mentions of your business name, address and phone number (NAP) on

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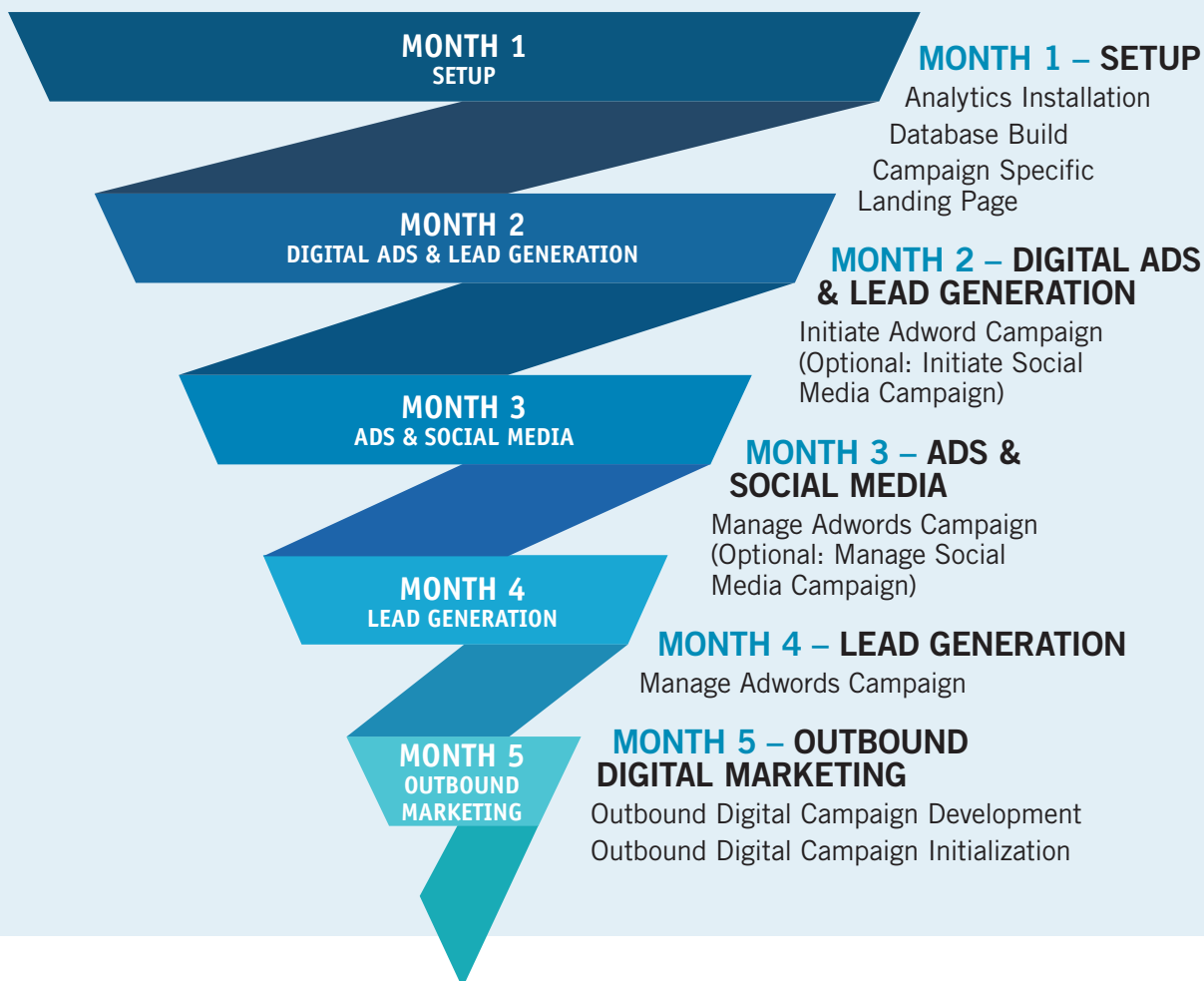
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other web pages — even if there is no link to your website. An example of a citation might be a listing in an online yellow pages directory or a local chamber of commerce page or local business association. Citations are a key component of the ranking algorithms in Google and Bing.

- Employ a local SEO software, such as Moz Local, BrightLocal, Whitespark or Yext. For instance, Yext's has integration-based partnerships with Google, Apple, Facebook, Bing, Yelp, and 100+ other local digital endpoints, which can power your location data anywhere customers encounter your brand.

- Backlinks: In the early days of SEO, backlinking was one of the most obvious and powerful options in establishing a web page's ranking, as the number and quality of sites that linked to your pages were directly responsible for establishing your authority and visibility. And while that's not as much the case as it once was, make no mistake that backlinking will undeniably improve your SEO.
- Press Releases: That's right, good old-fashioned press releases written and sent to primarily online media properties can bolster SEO. Often such outlets will just upload the press release verbatim because they are always looking for con-

tent. Hence, your release should include your website's URL and keywords.

Ultimately, the key to success is to roll out the steps above over three to five months' time. Why? Because Google loves link diversity and backlink credibility, but that process has to be staged over time. They love to see credible links coming from many different sources on the web, but not all at once.

SEM & digital marketing

While SEM can include gaining more visibility through SEO, the term usually refers to paying for that visibility through paid search advertising. Simply put, you buy advertising space in

the search engine results. It's become so popular that Google now lists three to five paid listings either above the organic search listings, below them, or both.

What follows is a campaign approach to SEM and outbound digital marketing (based on who's clicking through on your paid search advertising or other digital media properties) that should generate traffic to your website within six months. It will also bolster your prospect database and create a sales funnel that results in stronger leads and greater sales. (See the **Digital Campaign Timeline**).

Month 1 – Set-up

During the first month, you should ensure that your website's analytics are up and running and delivering important information about who's

visiting your website, what pages they are viewing, click-throughs, bounce rates and other needed quantifiable information. Signing up for Google Analytics is free, and the information available should be factored into the campaign outlined below, since constant analysis will reveal who your ideal digital targets are.

You should also begin building a detailed customer and prospect database — reflecting all history, past and future sales touchpoints, location in your funnel, etc. Having a complete and detailed database will also facilitate a smooth and targeted outbound email marketing effort, as outlined in Month 5.

Finally, you must create either a campaign-specific landing page, or at the very least, a call-to-action on your website that offers something of value to a prospect or visitor in exchange for

their contact information. (Smart marketers also set up an Autoresponder email program that thanks your new prospects/website visitors and delivers on your call-to-action, such as an eBook, a white paper, a free trial, etc.)

It's preferable to direct a prospect/visitor during the lead-gen months to an actionable, campaign-specific landing page rather than simply having them click through to your home page. This strategy does not preclude a prospect from browsing the other pages of your site once there; it simply directs them to a page that offers an effective call-to-action.

Months 2-4 – Digital advertising & lead generation campaign

During these months, you should develop and initiate a pay-per-click advertising campaign, using Google Adwords (or one of the other search

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engines) and/or Facebook advertising if you believe your key decision makers — HR managers/directors, office managers, facilities managers and, in the case of smaller companies, owners, partners, C-suite executives, etc. — are avid Facebook users. As you gather more data from ongoing Google analytics results, you can refine your targeting so that your ad spend (cost-per-click) is as efficient and targeted as possible.

Obviously, you will have to invest additional dollars to pay for the Google (and perhaps Facebook) ads, but understand that you're only paying for click-throughs to your website, so your digital ad dollars are spent on only those prospects who are interested in what you have to offer. Also, it's wise to set a realistic monthly budget for Google and/or Facebook initially, then adjust it

based on the success you're seeing with click-throughs to your website. An initial budget of at least \$500/month should start delivering clicks, but depending upon your competitors and your location, the costs per click could be higher or lower.

If you've done a good job with SEO and keyword analysis, you should know what keywords to include in your Google (and/or Facebook) ads, ideally those that drive click-throughs to the landing page/call-to-action created in Month 1. You should also establish other campaign guidelines like geotargeting, demographics, etc.

Month 5 — Outbound digital marketing campaign

By the 5th month of this campaign, you should have a fairly robust database of contacts, including customers,

prospects and others with whom you want to drive through your sales funnel. At this point, you should initiate an outbound email campaign using an economical service like Constant Contact or MailChimp — both are easy to use, offer tips and techniques, special offers, etc. The objective at this stage is to keep prospects engaged and believing that you're a leader in the industry. What's nice about a service like Constant Contact is that you can segment your database by type or prospect (or customer), then direct certain email messages, promotions and offers tailored to them. (For instance, you wouldn't offer an existing customer a free trial unless they have agreed to expand their business with you.) And always, always include in any outbound email or marketing communication a link to your website and your keywords. | ◀



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The Lost Art Of Closing The Sale

By Gary Joyner, Contributing Editor

In today's world of computers, tablets, cell phones, websites, Facebook, snapchat, social media, etc., it seems as though some vending companies have lost sight of one of the most important objectives for their company. The thought process seems to be that the company website, Facebook, LinkedIn or other social media will lead to the phone ringing with locations saying "please come be our vending company."

Oh, if this were only true, it would be so easy to start, build and grow a financially successful vending business. My twenty three years of experience in vending reveals that it is not that easy.

I submit that it is very easy for the vending company owner/general manager to become engrossed in employee relations, inventory control, purchasing, customer relations, etc. and lose sight of closing the sale. Let's



About the Author

Gary Joyner started in the vending business in Orlando in 1994. Since then he has owned, operated and sold three vending companies in Florida. Joyner is currently the factory authorized distributor for Federal Machine Corp. in the state of Florida. He can be reached at gwj45@aol.com.

face facts! If you don't close the sale for your company, none of the other areas of your operation will matter.

Defining a close

On more than one occasion I have been asked the following question, "Just exactly what is a sales close?" The answer to that is very simple. A sales close is any question you may ask your customer to which the answer confirms the fact that they have agreed to let your vending company be their provider of refreshment services.

Many vending company owners and managers are very proficient at preparing an in depth analysis of what the customer's needs and wants are, what inventory to purchase and what quantities, route management... the list goes on and on. Over the years, and working as a marketing-advertising and sales consultant for companies all over the U.S., it still befuddles me when I see a vending company sales rep go into every detail about all of the benefits that the location will receive, but then never ask the customer for the order.

I have actually heard sales people say the following: "Here's the proposal you requested," and then tell the customer, "Review it in detail. Look it over, and I will get back to you in a few days." If you have ever made this usually fatal sales blunder, I suggest you start attempting to close the sale the minute you open your mouth.



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There are many different types of sales closes and if you are not adept at using them, you are probably losing more sales than you are making. If you don't close at least 50 percent of the proposals you are submitting, then you need to increase your inventory of sales closes.

Two sample closes

Here are two examples of sales closes that will assist in closing more vending proposals. I actually know a number of different sales closing questions, but space limitations only allow for two at this time. The first is: "an alternate of choice" close, which goes something like this: "Would you prefer a two year or three year vending service agreement?" If their answer is two year or three year you immediately get out your agreement and start filling it out. You understand if they don't stop you then they just bought your services. Don't ever give a customer only one choice. If you give your customers only one choice, you will more than likely not make the sale in over 50 percent of the time. Do not ever ask any closing question where the answer can be either yes or no. You will miss more sales than you make if you do. I guarantee it.

The second examples close, the 'nine word' sales close, is a very basic close in which you ask the customer the nine magic words. The nine magic words are "It looks good to me, what is your opinion?" If the customer says, "it looks good to me," they just bought. You merely then ask them to OK your vending service agreement and show them where. If they don't stop you, they bought.

One thing you never-never-never do is to ask them to sign something. What have we all been told about signing something? "You didn't sign anything did you?" "Look out." "Beware." "I can't sign anything we have to send it to our legal department."

I have found on many occasions, a customer won't sign anything, but they will readily OK it. I have actually had customers put "OK" on an agreement instead of signing it. I then just laugh and say, "I will need your autograph" or something like that.

These two sample closes are just a couple of many closing questions that can be asked in a situation where the location confirms the fact that they want your vending company to provide their employees with a professional refreshment program.

This, however, is the single most important sales closing tool of all time, bar none. Every time you ask a closing question the next thing you must do it DON'T SAY ANOTHER WORD until the customers speaks. If you want to close more sales, then please follow this rule every time you ask a closing question. You can take it to the bank. It works every time.

Using silence

There is an old saying that is so true, "silence is golden." There is no form of pressure in this world greater than silence. The longer the silence after your close, the greater the pressure for the customer to make a decision. Unfortunately, a great many times I have been on sales calls with vending company sales people and the silence also gets to the them. After a few seconds, they open their mouth and say something like "oh did I tell you about this" and all of the pressure of making a buying decision is removed from the customer.

In my opinion the greatest sales trainer in history is J. Douglas Edwards (who passed away several years ago) and who tells the story of how, when he was working as a sales trainer for a major insurance company in New York City, the president of the company came into the room and heard



Edwards telling the sales people about this practice of not saying a word after they asked a closing question.

He then shared that a few days later the president of the company came into the training room and asked if he could share a story with the class. The president explained that the company was looking into purchasing a million dollar computer system and a sales person had called on him from a leading computer company with a presentation. The sales person made his presentation, and then asked a closing question. The president decided not to say a word and there was total silence in the room for twenty minutes. That must have seemed like an eternity.

Then the president told the class that the company purchased the computer system that day. And that sales person got a million dollar order by remembering that silence is golden.

Conclusion

One common denominator that I have observed in virtually 100 percent of top notch professional sales closers is that they all have guts, determination and persistence. If you want to close more vending location sales than you ever thought possible, you must have the intestinal fortitude (guts) to ask the customer for the order without fear. | ◀



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How Micro Markets Got Me FIRED!

By Jennifer Skidmore, Contributing Editor

Despite initial reservations, micro markets have been a great success for J&J Vending, including when third generation operator Jennifer Skidmore realized it was time to delegate them.

In February of this year, after 8 years of working at the family business, I was fired. I got canned, was given the boot; however you want to say it, it was deemed that I was no longer the right person for the job and I was given the axe. The catch is that I fired myself.

Getting started in micro markets

We launched our first micro market on Oct. 17, 2011. I'm given most of the credit for that decision now but I'd like to set the record straight. I didn't want to move forward with micro markets. I was fresh out of college and was already overwhelmed by sales and trying to grow our coffee division. I remember walking the NAMA showroom in April of that year with my dad, Joel Skidmore. He was so excited about the new technology and I believe I said (and I quote), "No dad, we already have enough going on without adding more to our plate. Right, mom?"

Why I got fired

In 2011 I insisted that if my dad brought in micro markets I wanted nothing to do with them. However, by February 2017, I had been managing our micro market division (consisting of 25 markets) for almost 6 years, as well as our pantry and office coffee service divisions.

Despite my initial stance on micro markets, I was almost immediately glad my dad didn't listen. Micro markets lend themselves to so many things that vending doesn't:

- A larger variety of product
- Launch parties
- Instant refunds
- Samplings
- Larger profits

They were a perfect place for me to grow and be creative. But like many entrepreneurs, I have an unhealthy tendency to believe I can do more than I can and that the things I can do, no one else can do better. What I've learned in these last months is that passion is not the same as competency. And that loving my markets

doesn't automatically make me the best at managing them.

I started filing reports later, scheduling samplings further and further apart and worst yet, was getting shorter with customers with every request that was emailed in. All of which was easy to excuse because, as an entrepreneur, I had plenty to do to justify being "too busy" to "do it all."

The hard truth

As my professional and personal life started to feel out of control I knew it was time to reassess; to take a hard look at what I was doing well and what I couldn't do any longer. Here's what I found. I'm a dreamer, a visionary, a people person. I'm not good with deadlines. I like dealing with feelings not numbers (i.e waste reports and par levels), and as I'm starting to take on new responsibilities within the company, I need to spend more time at the office and less time in the field handing out free cookies.

MICRO MARKET INSIDER TIPS

Whether you are considering getting into the micro market game (I highly recommend it) or have four times the amount that J&J does, here are some things I've learned about micro markets over the years that I hope you will find helpful.

Contracts

Always Insist On Your Cameras – When we first started growing the micro market division I was anxious to get more accounts so when a customer said they didn't want to install our cameras but wanted to use existing ones at their location I agreed to it. When product went missing, I was never allowed to access their camera footage and was stuck with the loss. It may mean not getting the account but my advice is to either install your cameras, don't install cameras and make the customer pay for 100 percent of the market shortages, or don't install a micro market.

Require Minimum Sales – This may seem like a no brainer but again when we first started I just wanted to get my feet wet. I was so eager to swim I didn't take time to put on my sunscreen first. I assumed locations of 250+ would easily make a profit, but that wasn't always the case. When markets under performed I didn't have a legal way out. Write a contingency plan into your agreements (e.g. if the market continually sells less than \$500/week you have the right to replace the market with standard vending machines).

Get the Coffee – If a customer wants a micro market, make them consolidate all of their services to you. A micro market is a serious investment for your company. It also seriously improves breakroom morale and adds to health and wellness programs; the least they can do is give you the coffee service too.

Theft – Catching a thief is time consuming and costly. As such, in our contracts we state that employers can proceed however they feel best in regards to consequences/termination however, we require two things: first payment for the items that were taken, second a \$100 restocking fee. We implemented this about 6 months ago and not one customer has resisted it. If theft continues without discipline we reserve the right to remove the market.

Account Merchandisers/Drivers

Invest in Training – When it comes to training be prepared to invest some quality time with your drivers. Assume that nothing is self-evident and be as specific as possible when explaining how to stock, deal with customer requests, check codes, etc.

Take Photos – We just started having our Account Merchandisers take photos of their markets after each stock. They email them in at the end of each day for review. It's been very helpful in making sure markets are fully stocked and properly merchandised.

Install & Launch

Set Up, Then Deliver – Always set up the market (i.e. build shelving, pull sodas and stock shelves) at your warehouse. Do your first inventory in house and verify that all codes are scanning. If you do it this way you'll also be able to get par levels set up before being on location and in general your time on location will be much cleaner and shorter.

Launch Party – Put extra time and attention into your launch parties. It's an opportunity to make a great first impression with your new customers. In addition to helping customers get signed up with a stored value card, raffle off prizes and work with your brokers to get free samples to hand out. A note about brokers, be good to them. If they give you product to sample make sure it's for sale in the market and then give them sales data for the first three months.

Multiple Shifts – Many of our customers are plants with multiple shifts. We've done many midnight launch parties and our new policy is (unless the account is REALLY big) we'll train supervisors and their supervisors can train their crew. Just make sure if you're there during the day you set aside enough samples for the graveyard crews to get some treats too.

Product

Limit Yourself – I love bringing in new products, but purchasing hates that I love it. I'm constantly being reminded of budgets and bottom lines so I'm going to pass on the friendly reminder here. New products are a lot of fun, but remember to be selective. Don't take too many chances with random product (our experience is that holiday candy does not do well in these markets) and if a broker/supplier wants you to push a certain product, ask for samples to give out on location first.

Uniform your POGs – We sell the markets on being a unique buying experience for each customer. And although they are very customizable, I think you'll find that about 80 percent of the products you sell, sell well in every market (i.e. Frito Lay). That said, uniform your POGs as much as you can. Remember the fewer SKUs you, have the lower chance of bankruptcy.

It was a hard decision to make; openly admitting that I was no longer the best person for the job was both freeing and an embarrassing blow to my ego. But it was the right call.



I've learned a lot about micro markets in the last 6 years but in the last 2 months I've learned a lot from them. I've learned that it's okay to let go. It's okay to admit when you're tapped out. And that someone might not be able to do a job as well as you can the first time, but if you are patient and show them what you know, there's a good chance that they'll eventually be better at it than you were. (And if you don't think so, consider this. I recently listened to a podcast with Rory Vaden who explained the 30x Rule. Here is his definition: the 30x rule says you should spend 30x the amount of time training someone to do a task as it would take you to do the task yourself one time. For example if a task takes you 5 minutes per day to complete, then the 30x rule suggests you could comfortably spend up to 150 minutes training someone to do that task.)

Conclusion

Almost 6 years into micro markets there are days where I feel like we

aren't growing and if we are, we aren't growing fast enough. And then there are days when I remember our first install, ideas that flopped, or life before Lightspeed and I can't help but smile at how far we've come.

For me it's time to let go (a little) of my markets. I know that I've taken our markets as far as I can; it's someone else's turn now. In March we hired our first full-time micro market manager and I am so excited to see where he takes them next. ◀

Shop Local

Living and working in the San Francisco Bay area of California means that we have some really cool companies in our backyard. We're known for our start-ups and not just in the tech industry, but in our food culture as well. At J&J, we love showcasing local companies: grandchildren carrying on their family's soft baked biscotti recipes (Marlo's Biscotti), moms wanting to make healthy rice-based protein snacks (Sprogs), sisters working to make awesome granola bars (Awesome Bars), etc. We get to work with some really incredible people. If you're interested in showcasing some local products here are my suggestions.

1. **Don't over buy** — insist on low minimums and growing the business together.
2. **Help get the word out** — don't just place a new item in the market, leave it and wonder why it doesn't sell. Advertise the company and their story in a monthly newsletter or flyer in the market.
3. **Schedule sample days** — ask the local company to send a representative (usually someone closely related to the founders if not the founders) to hand out samples and answer questions about the company. People LOVE hearing other people's stories first hand and they really like feeling as if their purchase is making a difference in someone's life.
4. **Be careful of short codes** — local at times can be synonymous with a short shelf life. Because of this, you'll want to make sure that you arrange shipping and/or pick up at an optimal time to ensure the longest code possible.
5. **Educate your drivers** — if codes are shorter than normal, flag these items so that drivers are made aware to pay closer attention to them while checking codes.
6. **Accept shorter net terms** — many of the local companies can't afford an extended Net. Work with them so that they have the money they need when they need it.



Jennifer Skidmore is director of business development and third generation vendor at J&J Vending Inc., a family owned and operated vending and office coffee service in the SF

Bay Area. For more visit www.jandjvendinginc.com. In addition to her work at J&J she also serves as a board member on CAVC. More Vendor's Daughter blogs can be found here thevendorsdaughter.com.

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Mike Kelner is the founder of Vending Biz Broker LLC, a full service merger and acquisition firm serving the vending, office coffee and bottled water industries. He can be reached at mike@vendingbizbroker.com or 704-942-4621.

By Mike Kelner, Contributing Editor

Showing smooth operations and professional records will bring more buyers and earn the best price.



**SALE
PRICE**

After spending years of building and growing your business, it's time to cash in your chips and reap the rewards of your labor. But how do you make sure that you are receiving the best price possible for your business? Experts say that there are a few preparatory measures you can take to maximize the sale price of your business.

Know what your company is worth

In too many cases business owners have no real idea of what their company is worth. They may know of a friend or colleague that sold his business for some percentage of sales without knowing any of the financial

details supporting the valuation. Buyers acquire businesses for the value of future cash flows that are dependent on margins, labor costs and the likelihood that they will retain the customer for years to come. Don't fall into the trap of believing that all sales dollars are equal and naively applying a rule of thumb.

In order to negotiate the best price you'll need to determine its true value, I recommend having a professional business valuation done. This allows you to know the approximate value of your business so you are negotiating from a position of having information, rather than from operating on emotions.

Demonstrate its value

The most effective method of boosting the sale price of your business is to demonstrate its worth to potential buyers. Business owners should create a sound revenue model — one that is sustainable, recurring, predictable and profitable. By laying out clearly the value of the business, prospective buyers will be encouraged to offer a higher price.

Any business owner knows that increasing sales is no easy task. But

a rise in sales in the period leading up to a purchase can help boost the price significantly. Buyers are more excited about growing businesses, so if you can show that your company is on the rise, you should be able to fetch a higher price.

A business that has customers under contracts is worth more. Buyers want assurances that what they are paying for today will still be there a year from now. Granted, contracts vary widely in their enforceability but nonetheless they give a new owner an additional degree of security that positively influences purchase offers.

If possible, you should also seek to build a highly diversified customer base. If a significant portion of your overall sales is wrapped up in a single customer, your business will present much more risk and therefore be less attractive to potential buyers. By diversifying your consumer base, you will minimize the potential impact that the loss of one large client would have on your business.

In order to negotiate from a position of strength, first and foremost a business must be profitable. An unprofitable business places a seller in a weak position and forces him to explain or rationalize why he is in

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that situation. No one buys the opportunity to lose money.

Prepare the books and records

Transparency is critical to avoiding any negative surprises with your prospective buyers. That's why I recommend having your due diligence materials reviewed in advance by professional advisors. Comprehensive, accurate and up-to-date records and statements will help demonstrate

the value of your business to potential buyers. These records should include P&L's, balance sheets, and, if available, statements of cash flows for the three years preceding the sale and year-to-date for the current year. They need to be clean, consistent and easily understood. The less explanation required the better.

Your ability to promptly provide professional financial documents is many times the first impression that a buyer gets of you and your business. If a buyer must wait several weeks for information that should be readily available, it reflects poorly on you. Additionally, having good records

will shorten and simplify the due diligence process.

Keep operations running smoothly

Before seeking out prospective buyers, you must ensure that the company continues running smoothly throughout the selling process. Be prepared to have the dual obligations of running your business and managing the sell-side deal — you cannot let business slip during this critical time.

A solid management team with well defined systems and processes will not only enable a seller to keep the business on an even keel, but will further demonstrate to buyers that the business is professionally run and not overly dependent on the owner. A supporting team will also enable you to give the energy and thought necessary for a successful sale.

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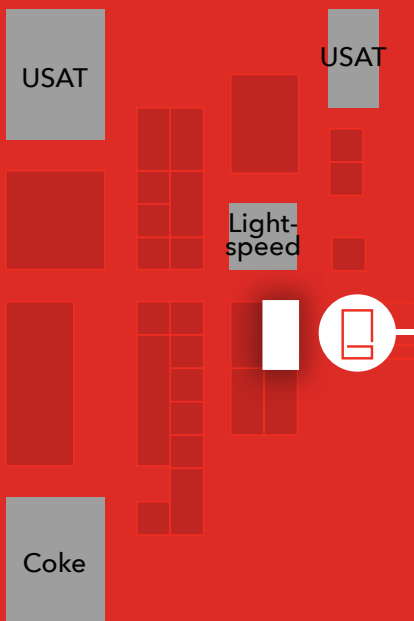
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Bring multiple buyers to the party

This is absolutely the single most important way to maximize the selling price of your business. In my experience, no buyer brings his best offer to the table initially. They may say that they do but history doesn't bear that out. A managed competition among prospective buyers is key.

It is imperative that you keep in mind that the buyer does not have your best interests at heart. That is not to say that they would intentionally do something to your detriment but rather that they want the best deal for themselves and their companies. This is the nature of negotiations and it is important to stay

objective throughout the process.

Managing a multiple buyer process is a complex task. It requires creating a level playing field for all buyers involved, such as sharing all available information with each while keeping their offers confidential. Buyers want to be treated fairly and doing so reflects well on you and your business. In most cases this process is best handled by an intermediary who has the time and experience to manage the process successfully. Positioning an intermediary between you and prospective buyers also creates a stronger negotiating structure for a seller.

In conclusion, most business owners only get one opportunity to sell the business they have built over many years. Don't sell yourself short by not taking the appropriate steps to maximize the value. | ◀

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A positive corporate culture can lead to success. At least, that has been the result for Imperial Co., which had its best year yet in terms of revenue, over \$80 million, thanks to strong leaders that focus on people and creating a core set of values for the business.

This is an important distinction for Lance Whorton, the company's president and CEO. These core values represent the company and every employee needs to believe in them.

"We use our core values when evaluating new hires and employees," said Whorton. The candidates must

meet at least 80 percent of the values to be retained and be open to growth. "Growth is important because life is about progress, not perfection," added Whorton.

These core values have also come into play as Imperial has made acquisitions over the years, bringing in



those company owners and blending their culture and operational processes with Imperial's existing process in a way that makes the organization stronger. "At many of our branches, we have these company owners that now work for us. I think that's where we excel, saying 'here is the incredible things you brought in with your culture. Continue to do that. And here are the few processes that you need to follow,'" explained Whorton. "Each branch is a unique culture. That's why people stay with us — they have flexibility."

Whorton credits Imperial's founder, Paul Tims, for laying the ground work for the core values and a people-centric management style. "Paul deserves a ton of credit for not

only founding the company, but getting us where we are," said Whorton. "We piggy backed off of what he created. The golden rule principle is what he called our core values before we went through the exercise of creating them."

Tims is now semi-retired leaving Whorton in charge of the day-to-day operations. One of those daily tasks is looking at reports and using data to make informed decisions about service. "We're data hogs," Whorton joked. However, his dedication to collecting and analyzing data isn't a joke. "If the average net income for the average operator is 4 to 5 percent of revenues, we make twice that amount," said Whorton, humbly. Outperforming the marketplace

is due to Imperial being data driven with investments in hardware and software in addition to data analysts and a robust IT department. It has helped Imperial become the leader in its service area — much of Oklahoma, Northwest and Southwest Arkansas and the Texas pan handle.

Evolving from a one man show

Tims began imperial in 1979 as a coffee service operation. He serviced accounts himself and grew the business for 7 years before he added his first employee. Despite positive office coffee service (OCS) sales, Tims was looking for more revenue opportunities and decided to add vending in 1994. It was a great match that took Imperial to the next level. In 2012, Imperial added micro markets, which presented a bit of a learning curve, but has proven a profitable segment.

Whorton joined Imperial after spending most of his career in sales for the United Postal Service (UPS). He had a brief job with an independent Coca-Cola bottler where he met Tims and kept in touch even after he started work for a technology com-

A strong team helps Imperial succeed, including John Slaughter, front left; Keith Kosty; Craig Hunt; Angie McAfee; Craige Johnston; Melissa Bendabout; Frank Field; Lance Whorton; Julie McBride; and Michael Dry.



Operation Profile: Imperial Co.

Headquarters: Tulsa, OK

Owner: Paul Tims

President and CEO: Lance Whorton

Employees: 600

Technology provider: Crane VendMax, Cantaloupe Systems

Micro markets: 150 (Company Kitchen, 365 & ECRS)



Paul Tims, Imperial's founder, laid much of the ground work for the corporate culture and focus on people that makes Imperial Co. unique.

pany that suffered during the 2000 crash. "I always admired him and appreciated his insight," said Whorton. When Tims offered him a position in 2001, Whorton was excited to become part of the company.

Before Whorton joined Imperial, and continuing afterward, the company made dozens of acquisitions. Not only did Tims and Whorton work to blend the employees and leaders of these companies into the operation, but also to keep a steady and strong course for Imperial as a whole.

"We take pride in that during so many acquisitions over the years, those company owners and their staff are still here, working for us," said Whorton. He also admitted that the fast growth sometimes left the company trying to do too much or without a clearly defined goal. It was during one of these times when through an acquisition the company grew 35.5 percent in one day, that Whorton was told about the book *Traction*. "I was introduced to the book by an industry peer, Vic Pimberton with Pepi Companies, in Dothan AL," he said. Whorton explains that the book is essentially a road map for businesses, laying out

an Entrepreneurial Operating System (EOS). For Imperial, it helped them identify what made them unique and take strategic planning further with three year goals and 90-day goals. "It creates long term focus and accountability," said Whorton. He credits at least some of the past year's growth to the EOS. He certainly credits EOS with the positive changes he has seen in the company. "It's helped me be a better leader," said Whorton. "It has helped us to pull initiatives that are not on the roadmap today. It has helped prioritize what we are focused on."



Innovative processes and user experiences

As part of the EOS, Whorton defined what was unique about Imperial and one of things he articulated was a commitment to innovation. In the early 2000s, Imperial added Crane Streamware's VendMax vending management system. The company experienced such a positive return that five years later they took the plunge into dynamic scheduling, prekitting and telemetry all virtually at the same time, with Cantaloupe Systems. "We dropped a route almost immediately," said Whorton. In fact, he has found that adding telemetry pretty consistently leads to a 35 to 40 percent reduction in routes. A soft benefit, or unintended consequence, of reducing routes is that the very best of the best route drivers stay. "Our turnover is far less than the industry average," said Whorton. Imperial route drivers have larger, more efficient routes. The company shares the revenue of these routes with drivers in commission form, but also offers a base pay that encourages attention to detail instead of a fast pace.

Imperial Co. owns and operates a commissary to control the quality and value of the food it sells in vending, foodservice, and micro markets.

Driver compensation based on targets

In order to slow the drivers down, especially on micro market routes, Imperial uses a compensation model that focuses on performance. Drivers are paid a commission and a bonus if they meet certain targets, whether in vending, micro markets or foodservice. “In micro markets, for example, the commission is based on targets such as revenue growth, spoils, account retention and a number we call percent fill,” explained Whorton. “Percent fill is essentially the number of units sold at an account, by how many we filled and how many we spoiled all by specific product names.”

Being able to measure performance against targets is all due to data, which is a top priority for Imperial. “We have two full time

Cashless Drives Up Ticket Averages

Lance Whorton, president and CEO of Imperial Co. Finds adding cashless payment acceptance to vending machine increases how much consumers spend. “We still see a lift of 10-15 percent when we add cashless to a new customer,” he said.

analysts,” said Whorton. “One does micro markets and reporting mostly, while the other does purchasing analytics.” Imperial also employs someone to do what it calls “data pooling.” “One person pools all the data we receive from different inputs such as various indus-

try partners and systems, into one usable report,” he added. That single report, done in an Excel version called PowerPivot, is distributed through the company where each department can filter for what they need. “Staff, depending on what they do, can filter, so customer service staff can filter information specific to customers. We have operational filters, merchandising standards, percent fills, etc. They can manipulate the data to capture the data they want,” Whorton said. The company has a cloud server to run the various reports, which is time consuming due to file and data size. The cloud server also allows the company to post the reports online so everyone has access without downloading the huge files. Imperial employs four full time IT staff to manage the cloud server and other digital needs.



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Imperial's Core Values

- **Integrity** Doing the right thing is the foundation of our organization. We are honest, ethical, and fair in all our activities believing these actions drive our company to one we can be proud of.
- **Relationships** Our business depends on healthy relationships with customers, associates, suppliers and the communities in which we live. We build and nurture strong relationships that are mutually beneficial based on openness, integrity, trust and respect.
- **Innovation** Innovation provides us a competitive advantage. We are empowered and encouraged to identify, develop and deploy: technologies, products, services, process improvements and employee development programs. We promote collaboration and sharing of ideas that bring real value to our customers and deliver financial returns to the company.
- **Responsible** We are accountable for our commitments, actions and results. We take ownership for the responsibilities and resources assigned to us as an organization and as individuals.
- **Growth** Growth increases our capabilities and opportunities for the benefit of our customers, associates and the organization. We strive for growth collectively and as individuals believing growth creates long-term sustainability, opportunity and benefit.



Whorton feels that data and reporting is very powerful. “It really gives us insight into how our business is changing,” said Whorton. Imperial has used the data to create more operational efficiencies and even merchandise vending machines. “We have planograms that are designed per class of vending machine — blue collar, white collar, call center — and we function on that data very specifically,” said Whorton.

Manufacturers and suppliers have noticed how Imperial uses data.

Many ask to launch products or do test promotions with Imperial due to the level of data it can provide. “We are approached constantly to do tests or combo tests,” said Whorton.

Whorton employs two full-time marketing staff who create content as well as push content out for their various loyalty programs, both created internally and with partners. Whorton has found that loyalty remains in strong demand among consumers. In the customer surveys Imperial puts out, loyalty and rewards are preferred



Marketing Director Rick Martinez is responsible for all of Imperial's marketing efforts, including content, image creation, loyalty and promotion program, couponing, etc.

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by more than 60 percent of respondents. Whorton keeps asking customers about it to get better at offering loyalty programs that people actually want. “We can’t deliver on every request, but as an industry we are behind with loyalty. It’s still a need in our channel,” he said.

Reaching the 150 micro market mark

When Imperial decided to launch micro markets in 2013, Whorton felt late to the segment and wanted them installed fast. “We installed 50 micro markets very quickly and had to reevaluate them because it’s a different

business model with spoils and thefts,” said Whorton. Compared to the extremely efficient processes of Imperial’s vending side, micro markets weren’t keeping up. “Markets brought on a lot of new challenges...It wasn’t as profitable out of the gate. However, through work and merchandising and education of our staff, it has become even more profitable than vending, but it’s taken 3 or 4 years to do that,” Whorton added. Micro markets currently make up about 20 percent of Imperial’s overall revenue and is growing. The company has 150 micro markets placed from three different suppliers: Company Kitchen, 365 and ECRS, which is the software provider behind Breakroom Provisions.

When deciding which market to place, Whorton considers many things. “Cost is always something we evaluate. However we also look at reliability, downtime and true enhancements. We want to be progressive and we want to take advantage of the impact on the consumers — be able to tie multiple channels together such as foodservice, vending machines and micro markets,” said Whorton. And of course, having promotions and loyalty programs already built into the software is critical. “That’s how we go from delivering a soda or a sandwich into really having a platform that allows us to identify our consumers and identify a more convenient way to provide what they want, when they want it,” added Whorton.

No rest for OCS

Another relatively small, but growing area of revenue is OCS, representing 10 percent of overall sales. Imperial began roasting its own coffee as a point of difference. “We really believe in the convection roasting process,” said Whorton. “Paul believed in having a higher quality product that we had control over.” The coffee is roasted at the headquarters in Tulsa, OK, and has been very successful in filter packs and open brew coffee service. That side of the business has been steady. Growth has been in specialty coffee, which includes single-cup for Imperial. “We have seen growth in businesses supplement-

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Charitable Culture

“I believe that we need a purpose bigger than ourselves,” declared Lance Whorton, president and CEO of Imperial Co. out of Tulsa, OK. It’s a personal mantra of his that echoes that of the company’s founder Paul Tims. This combined view leads the company to donate greater than 10 percent of the net income to charities, which include Life Impact International and Global Gospel Action Brazil. “

ing office coffee service with specialty coffees,” Whorton said.

Vending remains a strong revenue generator despite the growing segments of micro market and OCS. However, none of it would be possible without the people. “Our team makes the difference, truly,” said Whorton. Imperial has a proven track record of folding in new team members through acquisitions and blending their core values into a clear, strong vision of the future. It’s the ability to do this well, and stay accountable by utilizing data, that truly sets Imperial’s success story apart. | ◀



Marketplace

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PRODUCT ROUNDUP



Logoed Cup Dispenser

TOMLINSON INDUSTRIES

Tomlinson Industries' grab-n-go cup dispenser can be paired with a custom logo to instantly create an eye-catching point-of-purchase display. Branded cup dispensers serve as a reminder to customers to buy fountain drinks, coffee, iced tea and other beverages before leaving the store to boost impulse purchases.

Logoed cup dispenser kits feature our versatile Simpli-Flex 1005 dispenser. This self-adjusting cup dispenser features a stainless steel tube and comes with two Simpli-Flex gaskets to accommodate most 18 - 44 oz. cups. Dispensers can be wall or stand mounted. Standard fountain drink and coffee decals are available. Tomlinson Industries can help coordinate the creation and application of custom decals that reinforce your store's brand.

VendingMarketWatch.com/12309879

Mrs. Freshley's Single Serve Muffins

FLOWERS FOODS

Mrs. Freshley's single serve muffins are available in blueberry, chocolate chip and banana nut flavors. The full-sized muffins are available in six packs of eight, 4.5-ounce muffins at 48 packs per case.

VendingMarketWatch.com/12310445



COFFEEBOXX Rugged Coffee Maker

OXX

The COFFEEBOXX is the first ruggedized coffee maker in the industry. It's the only brewer with a heavy-duty construction engineered to tackle the toughest jobsites. It's specifically designed to deliver a hot cup of fresh coffee to the hardest working people on earth – from construction workers, military, fire fighters, police, building trades and more.

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Stoelting Autovend

STOELTING FOODSERVICE

The Stoelting Autovend offers frozen soft serve from a vending machine that can be operated independently 24/7. It is ideal for retail environments including colleges, convenience stores, transportation venues, health care facilities, business and industry locations and much more. Requiring only 18 square-feet of retail space, the Autovend generates revenue with a significantly lower investment in floor space, operations and staffing. It can be customized with branding of the operator's choice.

VendingMarketWatch.com/12319227



LX2000

PRIMERA TECHNOLOGY, INC.

The LX2000 is Primera's newest and fastest pigment inkjet label printer for the food and beverage industry. Printed labels can include photos, graphics, illustrations and text – even high-resolution linear or two-dimensional bar codes. The LX2000 represents an entirely new product class in desktop label printing, with features including large and separate ink cartridges, a wide variety of substrates, speeds up to 6 per second, pigment inks for more durable labels, wired Ethernet, USB 2.0 and wireless connectivity, built-in pizza-wheel cutter and Bartender Ultralite software for label formatting.

VendingMarketWatch.com/12309981



Scan Handle For xTablet T8650

MOBILEDEMAND

MobileDemand has designed a snap-on attachment for the xTablet T8650 Windows 10 tablet. The Scan Handle attachment allows users to quickly scan volume barcodes single-handedly utilizing the tablet's integrated scanner. It attaches to the xTablet T8650 by the Snap Mount plate which comes standard on the tablet itself. The module is powered by a 2,000 mAh battery, providing users 85 hours of continuous use.

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1. Ipsos, brand health tracker, Q3 2014

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

3. Nielsen, BASES® II, January 2015