

**THE KEY TO
PAYMENT TECHNOLOGY**

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**HOW TO
INCREASE SALES & PROFITS**

page 28

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Coffee Service Industry Resource

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Poised For The Future

Sterling Services embraced
micro markets early on and now view
merging unattended and attended
as the next big shakeup.

page 38

Ray Friedrich and Chris Peppo
Sterling co-founders



Technology
And The Value Of
Your Business

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August 2017

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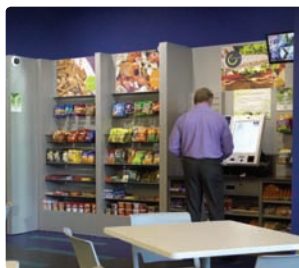
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SPECIAL REPORT

Why Refrigerated Snacks Make Sense For Your Bottom Line

Refrigerated foods are often the top sellers.

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SouthComm
Business Media

Published by
SouthComm Business Media, Inc.
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Vol. 59, No. 5

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The World Wide Vending Press Association



Automatic Merchandiser (USPS 017-280), (ISSN 1061-1797 print; ISSN 1948-5697 online) is published 8 times per year in March, April, May, June, August, September, October and December by SouthComm Business Media, LLC. 1233 Janesville Ave., Fort Atkinson, WI 53538. Periodicals postage paid at Fort Atkinson, WI 53538 and additional mailing offices. POSTMASTER: Send address changes to Automatic Merchandiser, PO Box 3257, Northbrook, IL 60065-3257. Canada Post PM40612608. Return undeliverable Canadian addresses to: Automatic Merchandiser PO Box 25542, London, ON N6C 6B2.

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The Kraft Heinz Company: A GLOBAL POWERHOUSE

A GLOBALLY trusted producer of delicious foods, The Kraft Heinz Company provides high quality, great taste and nutrition for all eating occasions whether at home, in restaurants or on the go. Co-Headquartered in Pittsburgh and Chicago, Kraft Heinz has an unparalleled portfolio of powerful and iconic brands, 8 of which are \$1 billion+ brands based on retail and foodservice sales. With dedicated employees in over 40 countries, the Kraft Heinz Company is the 5th largest food and beverage company in the world.

Our Vision

To be the best food company, growing a better world.

Our Values

- **Consumer first:** We are passionate about our consumers and always exceed their expectations.
- **Innovation:** We take informed risks, conquer challenges and make the world's favorite foods.
- **Integrity:** We do the right thing at all times. We inspire trust. We are honest and ethical.
- **Ownership:** We think and act like owners of our business, make tough choices and treat every dollar as if it is our own. We keep it simple, focus on the work that matters, and have a culture of meritocracy that recognizes and rewards exceptional performance at every level.
- **Quality:** We have an unwavering commitment to quality.

Proven Leadership

The Kraft Heinz Company is led by a world class Board of Directors and proven business leaders with an unparalleled record for performance. We are committed to investing in world-class brands and long-term value creation. The Kraft Heinz Company has significant synergy opportunities with a strong platform for organic growth in North America, as well as global expansion, by combining Kraft's brands with Heinz's international platform.

Sustainability

As a socially responsible global food company, The Kraft Heinz Company is committed to reducing our environmental footprint and protecting the planet's natural resources for future generations. From our quality controls to the relationships we have with our growers and suppliers, we are committed to responsible, sustainable practices extending to every facet of our business.

Community Involvement

The Kraft Heinz Company is dedicated to the sustainable health of our people, our planet and our Company. Through partnerships with Stop Hunger Now and Feeding America, we have provided more than 2 billion servings of food to those in need. The Kraft Heinz Company Foundation is Growing A Better World through our mission of aligning our people, products and partnerships to help eliminate global hunger. We are committed to building an enduring legacy of good corporate citizenship in the communities where we operate. The company promotes employee volunteerism and has made an impact through strategic investments to address hunger and improve nutrition, both globally and in the areas where our employees live and work.

Our Beloved Global Brands



Constantly Keep An Open Mind

Change isn't always easy, but it is necessary due to the world we live in.

While the phrase “think outside the box” has been used so often it almost hurts me to write it, the idea is still very relevant.

In an industry as established as the vending, micro market and office coffee service industry, realizing potential, considering new opportunities, and building new processes is important in order to stay relevant. The

best vending companies continue to innovate even when they can report strong profits. Many embrace new concepts, try different product mixes and invest in new technologies.

Why change

Why do these companies change? Why not just continue with business as usual, keeping their current customers happy and maintaining their daily costs? Quite simply, it's because we live in a world that changes. From the tide to the weather, our world is far from a stagnant, predictable place. Add in consumer preferences and you can

see evolution taking place right before your eyes as they demand and buy an increased

number of healthier, all natural, organic items from our channel.

Examples of innovating

Technology of course is a key strategy of innovation. This particular issue of *Automatic Merchandiser* not only covers the new and creative payment solutions being launched in “Creativity Is Key For Payment Technology” on page 20, but also the benefits of technology when selling, “Technology And The Value Of Your Business” on page 34. Technology certainly helps companies evolve processes and meet changing consumers desires, such as paying with cashless. However, technology isn't the sole way to evolve. Focusing on new segments and driving same store sales is just as important. On page 38 is the story of a Michigan operation that took a minor portion of its business and increased the revenue by 30 percent until it equalled the revenue from vending, micro markets and OCS.

Change can be difficult

In business, it is a fine line between researching ideas in order to make well thought-out changes and altering your direction based on a single whim. That line is usually dictated by the owner. Some personalities consider the ever-evolving industry with a “nothing is ever good enough” attitude. Others find it invigorating, with a “what's next” type of optimism. Either can work as long as change continues to happen for the better. | ◀

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About Mondelēz International

Mondelēz International, Inc. (NASDAQ:MDLZ) is building the best snacking company in the world, with 2016 net revenues of approximately \$26 billion. Creating more moments of joy in approximately 165 countries, Mondelēz International is a world leader in biscuits, chocolate, gum, candy and powdered beverages, featuring global Power Brands such as *Oreo* and *belVita* biscuits; *Cadbury Dairy Milk* and *Milka* chocolate; and *Trident* gum. Mondelēz International is a proud member of the Standard and Poor's 500, NASDAQ 100 and Dow Jones Sustainability Index.

Visit www.mondelezinternational.com or follow the company on Twitter at [www.twitter.com/MDLZ](https://twitter.com/MDLZ).

About Mondelēz International Foodservice: We Have the Delicious Brands and Passionate People to Help Build Your Business

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

Support & Resources

Our total offering to foodservice goes far beyond some of America's most recognizable brands: Mondelēz International Foodservice puts vast resources at the disposal of its customers. We go beyond our brands and offer you a hand with your business. In our Snacks & Desserts Solutions program, designed to help build your business, we bring you menu ideas and insights along with real-world business solutions. Pulling from the talent behind our Culinary Center, Snacks & Desserts Solutions provides recipes and product-enhancement charts. Our culinary articles focus on relevant trends and how you can infuse those trends into your menu. Our business articles offer insight into today's issues—from practical cost-cutting ideas to leveraging current trends and engineering more enticing menu language.

- **Real-World Culinary Expertise:** Our team at the Culinary Center understands the difference between sustainable trends and flash-in-the-pan fads, and translates relevant trends into wonderful menu items. Our chefs offer real-world experience, truly understanding the challenges faced by today's operators. They offer recipe development that not only inspires, but answers the specific challenges faced in professional kitchens.
- **Merchandising Solutions & Promotional Tools:** Built to deliver maximum impact, our merchandising tools come in all shapes—from product catalogs, snack and gum racks to our interactive vending and snack rack builder. We have the tools to help operators build their business.
- **Specialized Support for Vending:** Responding to vending needs, Mondelēz Global has brought together every product type—snacks, candy, gum and cough drops—under one umbrella of top-selling brands. Our team of vending enthusiasts is ready to help operators make the most of today's sophisticated micro markets and machines. This translates into maximum convenience for operators, reliable product availability, a satisfied consumer and higher sales and profits.
- **Marketing Services:** Our marketing services team has the expertise and resources to help our customers with their consumer insights, digital/social marketing and marketing/promotion needs.

Avanti Markets Publishes Data Incident Notification

In July, Avanti Markets published a statement on its website indicating it had suffered a security breach involving hackers gaining access to some of its internal networks.

The malware attack was discovered on July 4, 2017. Based on investigations as of press time, the company could not yet confirm the root cause of the intrusion. However, it is believed the attackers used the malware to gain access to customer's personal information from some kiosks.

The personal information included cardholder first and last names, credit/debit card numbers and expiration dates as well as email and biometric information. The company has been working to address the issue, including retaining a nationally-recognized forensic investigation firm and outside legal counsel as well as work with the FBI.

Recommended steps for patrons

While Avanti stated that this incident did not guarantee a user would be affected by the incident, it did recommend a number of steps to take. The recommended actions included adding a fraud alert statement to your credit file at all three national credit-reporting agencies, freezing your credit account, requesting a credit report and watching your bills, statements and mailing lists.



Avanti Markets suffered a security breach in early July exposing credit and personal information.

rapidly growing Micro Market Channel. Micro Markets are the fastest growing segment of the larger Foodservice channel. In 2016, Micro Markets generated \$949.9 million in product sales, a 41.9 percent increase over prior-year numbers. In 2016 installations included more than 5,000 new placements, reaching a year-end active count of 17,806.



Crane Co. Acquires Microtronic AG

► Crane Co. announced that it has acquired Microtronic AG, a leading manufacturer of closed-site and mobile payment solutions for the European vending market.

The acquisition strengthens Crane's technology portfolio with the addition of Microtronic's complementary capabilities to Crane Connectivity Solutions' (CCS) electronic payment and connectivity platform, which is available in the US through Crane Payment Innovations and Crane Merchandising Systems.

Accent Food Services Makes Ninth Acquisition With Bilger Vending In Nevada

► Pflugerville, TX-based Accent Food Services has recently acquired the assets of Bilger Vending located in Douglas County, NV. This acquisition marks the ninth of the year for Accent Food Services.



DiscountCoffee.com Warns Coffee Drinkers About New K-Cup® Pods

► DiscountCoffee.com posted a video meant to educate consumers about coffee roasters and beverage manufacturers recently adding the term "pod" to the packaging

labels of plastic K-cup® coffee, tea and hot beverage products. Consumers are coming up empty when they discover these popular plastic cups, labeled "K-cup® pods," are not designed to fit in a pod coffee maker. The company cites coffee experts about the differences between pods and K-cup pods, including that they are not interchangeable.

Accent Food Services Purchases Texas Refreshments' Assets

► Pflugerville, TX-based

Accent Food Services has recently acquired the assets of Texas Refreshments Corporation based in Midland, TX. This acquisition marks the eighth of this year for Accent Food Services.

Micro Market Sales Approach \$1 Billion, Installations Continue

► Bachtelle and Associates released the 2016 B and A Micro Market Report, an annual census of the



USA TECHNOLOGIES (USAT) has long been known as a pioneer in the unattended and self-serve retail markets, bringing better cashless and mobile payment technology to the industry than anyone else, with over 500,000 connections to its ePort Connect Platform. Featuring disruptive technology that is simple, scalable and secure, the company is fueling the next phase of payments by helping its customers move beyond a simple transaction and helping them leverage customer data to engage at the point-of-sale, driving both increased and recurring revenue.

Unattended and self-serve retail have played a key role in the adoption of mobile payments. Due to the private nature of these type of transactions, unattended retail affords consumers the luxury of testing out mobile wallets in a safe environment, without being rushed or judged. In essence, the unattended marketplace has become known in the payments industry as a “gateway tap” to mobile wallet adoption. Taking their cues from the credit card space, major mobile wallet platforms providers have made it easy for companies to integrate payments and loyalty into one package, helping build the value proposition for mobile wallet usage, and making it more convenient for consumers to seamlessly pay and be rewarded in the moment, at the point of sale.

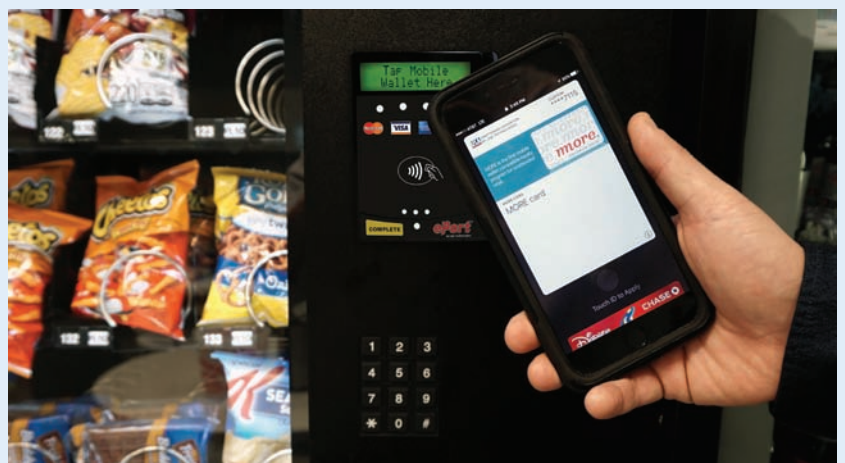
“There is something extraordinary happening in our industry. Where once before the unattended and self-serve retail markets would look at traditional retail for inspiration and ideas, now the converse is happening, and we are setting trends for the larger retail market. At the same time, a mature and sophisticated version of digital advertising is evolving in unattended. With the advent of digital displays (of

all sizes) the industry is able to market more creativity and has the ability to target consumers strategically,” said Maeve McKenna Duska, senior vice president of Sales and Marketing, USA Technologies.

Earlier this year, USA Technologies concluded a six-month study, testing point-of-sale advertising of Apple Pay. The study showed a steady upward trajectory, up to 135.2 percent, in mobile payment usage, demonstrating that smartphone users shown digital advertising on the ePort Interactive platform, were more likely to act on the call to action and use their mobile wallet to make a purchase. Soon after

the testing, the company announced its integration of the MORE. Loyalty platform with Apple Pay, allowing merchants to offer Apple Pay users an enhanced registration and loyalty experience with exclusive offers, promotions and discounts toward future purchases at equipped USAT readers.

This isn’t just a win for consumers, but a new horizon for retailers and brands. USAT is committed to ensuring its customers are best equipped to provide the type of consumer engagement that creates loyal customers. The company now offers enhanced advertising capabilities along with the MORE. Loyalty program for its ePort Interactive and the rest of its ePort Connect platform devices. In addition, the comprehensive Premier Services program brings operators soup to nuts services for the installation, marketing and ongoing business support of their operation. All of these geared to creating one of a kind consumer engagement.





Coca-Cola Reveals AI-Powered App For Vending Machines

► At the MobileBeat 2017 conference, Greg Chambers, global director of digital innovation at Coca-Cola announced that the company plans to use artificial intelligence (AI) to power next-generation vending machines, VentureBeat reports. Chambers explained that one of the “most annoying things today” is being unable to serve two drinks on a vending machine. The app, which launches in about two weeks in places such as US universities and locations around Australia and New Zealand, will allow consumers to order a Coca-Cola drink for yourself and another person, then have it available on the vending machine.



Gimme Accuses VendSys Of Violating Trade Agreement

► On Monday, June 19 2017, Gimme Vending, LLC filed a complaint accompanied by a motion for preliminary injunction in the US District Court for the District of Massachusetts related to a competing product. The relief sought by Gimme included restraining

VendSys and others from using, distributing, marketing, disclosing, benefiting from, promoting or selling any product that improperly uses Gimme Vending’s confidential and proprietary information, which was shared with VendSys in connection with a failed partnership.

The case went to trial, where a judge ruled that the code be removed. Further details were unavailable as of press time.



Azkoyen USA And Southeastern Vending Services Form Partnership

► Azkoyen USA and Southeastern Vending Services, both based in Charlotte, NC, announced a partnership for machine and parts distribution, as well as technical services, spanning Virginia, North Carolina, South Carolina, Georgia and eastern Tennessee.

Southeastern Vending Services, founded in 1980, is a market leader in the repairing of mechanical components of vending and office coffee service (OCS) equipment. Led by Jon Holler, president, and Mike Frye, sales manager, SVS is the go-to source for repair in the southeast with international companies such as USI, Crane, Newco and MEI. The partnership with Azkoyen USA allows them to maintain their core base of business while expanding into the emerging bean to cup trend inside the OCS channel.

People in the News

Heidi Chico Becomes NAMA Chair

Heidi Chico, president of The Wittern Group, recently started her term as NAMA Chair. Her thoughts about the industry: “We all generally share similar aspirations in our industry: providing great jobs, a great working environment, and great refreshment services to our customers. That’s true in US cities like Des Moines — where The Wittern Group, the company I now have the privilege to lead, is headquartered — and it’s true all over the world. What’s also true, and too often overlooked, is the vital role that convenience services play.”



Chico

Accent Food Services Appoints New COO, Mike Broaders

Accent Food Services announced Michael Broaders has been named its chief operating officer. He will lead delivery of expanded managed services, and streamline operational and planning processes. He will report to the CEO, Josh Rosenberg.



Broaders

Accent Food Services Appoints New Vice President Of National Accounts, Rich Denver

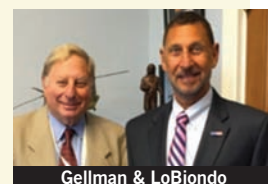
Rich Denver has been named vice president of national accounts at Accent Food Services. He will be working with national management accounts to bring on new business while managing the current business and reports to the CEO, Josh Rosenberg.



Denver

David Gellman Builds Connections During NAMA Fly-In

David Gellman of Gellman Associates LLC, recently attended the 2017 NAMA Fly-In from July 25-26 in Washington D.C. He met with Frank A. LoBiondo a member of Congress Second District, New Jersey. They met to discuss the issues of estate tax repeal, regulatory flexibility and calorie disclosure.



Gellman & LoBiondo

This is the second year Gellman met with the congressman. The two live about one mile apart. Also attending the meeting was Jason P. Galanes the chief of staff for Congressman LoBiondo.

BRAVILOR BONAMAT

is a family owned business with a global network of offices. We've been manufacturing equipment since 1948 and have hundreds of thousands of users, in over 100 countries, which rely on our equipment daily to brew great coffee. Bravilor Bonamat manufactures a complete line of coffee



dispensing equipment for many applications such as; single-serve fresh bean-to-cup units for coffee, espresso and specialty drinks, bulk filter brewers, and soluble, liquid concentrate and liquid/soluble units.

At Bravilor Bonamat, total cost of ownership isn't some random figure quoted as a unique selling proposition. Our machines are reliable, long-lasting and safe. Everything we manufacture is made with one goal in mind: to exceed customer expectations of professional brewing equipment; delivering machinery with advanced technologies that are still easy to operate. We combine innovative ideas and genuine craftsmanship to create unique brewing methods, such as our patented V.B.S., valveless brew system, which is designed to minimize failure, eliminating all service calls for defective valves and avoiding costly downtime.

Other significant engineering advances include anti-caking Teflon™ infused parts, easy accessibility to electronics and parts for cleaning and maintenance, eco-friendly materials and low energy consumption, all which contribute to a sustainable and profitable business for our customers.

All manufacturing processes; research and development, lab testing, production, assembly and quality control take place in state-of-the-art Bravilor Bonamat owned facilities. We control all processes to ensure that Bravilor Bonamat machines meet not only our own high-quality standards; but the exacting standards of the international testing and quality control community.

To learn more about Bravilor Bonamat North America, visit www.bravilor.com/en-US, email us at sales.us@bravilor.com, or call us at 630-423-9400.



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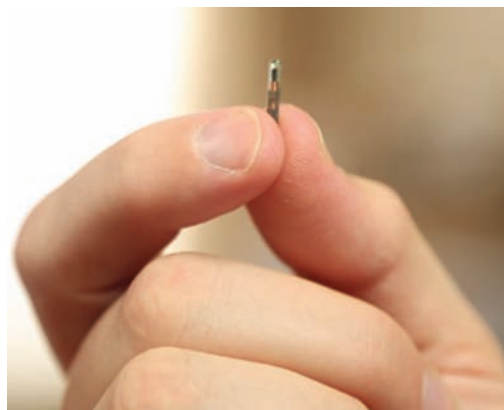
SELF-SERVE TOUCH SCREEN TECHNOLOGY

Consistently serve great coffee, espressos and specialty drinks in offices, hospitality areas, micro-markets and more. Fully customize your drink menu and taste profile for a personalized drink experience. Coffee-house quality drinks, brewed to perfection in seconds, from equipment designed to last.

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32M Offers To Microchip Employees Company-Wide

Three Square Market (32M) is offering implanted chip technology to all of its employees. Each willing employee will be implanted with a RFID chip allowing them to make purchases in 32M break room micro markets, open doors, login to computers, use the copy machine, etc. This program, offered by 32M, is optional for all employees. The company is expecting more than 50 staff members to be voluntarily chipped. 32M is partnering with BioHax International and Jowan Osterland, CEO, based out of Sweden for the microchips and associated technology. Employees will be chipped at the 32M inaugural “chip party” hosted at company headquarters in River Falls, WI on August 1, 2017.



32M will embed micro chips in willing employees which can make purchases at micro markets.

More information posted based on response

As news broke about the “chip party” at 32M, there was wide-ranging media coverage and a varied response. The company posted more information on its website including a Q&A document with more details. Specifics included what types of information would be included in the microchip as well as other options given to employees who preferred not to have it embedded in their skin.



Cargo Systems Launches In-Car Vending Machine Service

► Cargo Systems Inc. officially launched Cargo, the in-car service that allows passengers to order products on their phone, without downloading an app. Founded in 2016 by former Birchbox employees, Cargo recently launched in New York and Boston with thousands of driver signups in 47 states. Cargo is one of few startups with access to Uber's Driver API and gives preferred access to drivers who sign up using their Uber profile. Available to all rideshare drivers, Cargo's mission to enhance the in-car experience starts by connecting passengers to the products and brands they want most in transit.

Passengers see products in Cargo's custom display, equipped with USB charge ports, and place orders on their phone through Cargo's mobile website. Cargo's proprietary inventory management system tracks all drivers' orders in real time and automatically ships replenishment products directly to their homes.

USAT Closes Public Offering, Generating Gross Proceed Of \$43.1 Million



► USA Technologies, Inc. (USAT) announced the closing of its underwritten public offering of 9,583,332

shares of its common stock at a public offering price of \$4.50 per share. The foregoing included the full exercise

of the underwriters' option to purchase 1,249,999 additional shares from USAT. The gross proceeds to USAT from the offering, before deducting underwriting discounts and commissions and other offering expenses, was approximately \$43.1 million.

CALENDAR OF EVENTS

AUG 30-SEPT 1

2017 China International Vending & OCS Showcase
China International Exhibition Center, Beijing, China
www.vendingshow.com/en

SEP 28-30

Texas Merchandise Vending Association 2017
The Omni
Corpus Christi, Texas
<http://tmva.org>

OCT 12-14

ACE 2017
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Myrtle Beach, SC
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The Consumer Coffee Cup

Today's coffee drinker likes to add a little something extra to every cup.

By Emily Refermat, Editor



Images from iStock

What does coffee look like in 2017? It depends a lot on the age of the drinker, but there have been some interesting trends. Despite the rise in consumers learning about coffee, such as what makes quality beans, which areas of the world are known for great coffee or how the roasting process works, there are still many people who don't drink their coffee unadorned or black. Unadorned is the way many passionate coffee lovers believe coffee should be experienced to truly get the flavor, but that hasn't stopped the rapid growth of specialty drinks or different options to add to the morning cup of joe. In fact, most people in the US add something to their coffee.

According to the latest National Coffee Association's National Coffee Drinking Trends (NCDT) report, 68 percent of coffee drinkers whiten their coffee, using some form of creamer, half and half, milk or non-dairy milk alternative. Creamer is the designation given to the whitener

ACCORDING to the NCDT, 68 percent of consumers use a whitener in coffee

used most often, with 35 percent of drinkers adding this type of whitener. Half and half came in second, over whole milk by a slim margin of 14 percent for the former, compared to 13 percent. The last option, dairy milk alternative, has just begun to move the needle as far as common coffee whiteners, but it's gaining.

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Creamer and flavoring trends

This was the first year the NCDT asked expanded questions about non-dairy milk alternatives. Those questions revealed that a surprising 5 percent of drinkers used this type of whitener. *BevNET* reports that suppliers of these non-dairy alternatives are finding an increasing demand from coffee drinkers. During an interview Brian Lovejoy, coffee general manager at Califia Farms, mentioned that consumers were asking at coffee shops for non-dairy alternatives. This was an untapped market that companies such as Califia Farms started to tap into, working with Baristas to create even more non-dairy options. The popularity of items such as Almond milk is strong as it blends equally well hot or cold, including with cold brew.

Interestingly, when flavoring was added to coffee, it was most often done as a powder or liquid creamer, 21 percent, rather than by itself, which happened with only 5 percent of consumers. While flavored creamers were once innovating the creamer market, the so called “clean label” creamers are now the most significant trend. Last year, Packaged Facts called creamers that boast natural ingredients as essential to US retail growth in the creamer industry, especially among premium priced varieties. Plant-based creamers also fell into this category, with Packaged Facts reporting “strong growth in the almond milk segment is the single most significant development in market trends.”





Sweeteners

Just over half of coffee drinkers also sweeten their coffee. Sugar was the clear favorite, according to the NCDT, with 38 percent of drinkers reportedly adding it to their past-day coffee. Artificial sweeteners were the next most popular with 12 percent.



More coffee drinkers sweeten their coffee with sugar than artificial or other sweeteners.

Coffee Additives By Age

	18-24	25-39	40-54	60+
Sweetened 	62%	67%	50%	42%
Whitened 	71%	73%	69%	60%
Flavored 	30%	22%	22%	14%
Unadorned (black) 	15%	14%	4%	33%

While the arguments of sugar versus sweetener continue to rage, especially when clean label and natural considerations come into the mix, it is clear that consumers prefer things sweeter than 40 years ago. According to Pew Research Center, sugar and sweeteners accounted for nearly 400 calories per day in 2010, compared to just over 300 in 1970. While sugar consumption peaked in 1999 and has since declined, it is still higher than years ago thanks to the sweet tooth of consumers.

In the end, office coffee service is taking on a new challenge — competing with the corner coffeeshop. If having great workplace coffee is an important benefit for the location, it is important to start offering the coffee additives most in demand to more than half of coffee drinkers. This is a must in order to stay relevant. That means the right mix of whitener options from dairy to alternative as well as sugar and other sweeteners that allow consumers to truly make their coffee their own. | ◀

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Creativity Is Key For Payment Technology

By Brittany Farb Gruber, Associate Editor

Technology suppliers have launched unique and innovative payment solutions to benefit the industry.

It's no secret anymore that hungry and thirsty customers do not want to be bothered with fumbling for loose change and their buying habits are truly showing this. More than 30 percent of customers chose to pay using cashless for its speed and convenience, according to a Knowledge Base study from USA Technologies.

Here are several of the latest cashless payment innovations from technology suppliers that will let operators take advantage of the move towards a more cashless experience.

CANTALOUPE SYSTEMS is rolling out remote price changing, giving operators the ability to change the prices of products in machines off-site.



Cantaloupe Systems launches remote price changing

Cantaloupe Systems continuously seeks to provide its customers with a competitive cashless offering as well as one that is focused on providing the operator tools to manage those cashless devices effectively.

“The goal is to ensure that consumers have a great experience every time they interact with an operators machine,” said Elyssa Allahyar-Steiner, director of marketing at Cantaloupe Systems. “So if we can provide a product that allows operators to manage their machine up-time, provide alerts for important notifications to the operator, and ultimately focus on giving the consumer a great experience all the time, then



The latest trends in cashless include loyalty rewards, remote pricing and cyber security.

we have done our job in providing a great cashless solution.”

Currently, Cantaloupe Systems is rolling out remote price changing, giving operators the ability to remotely change price of products in the machines from a remote location such as an off-site office to save operators time and, perhaps most importantly, money.

“This will greatly help in making sure prices are set accurately and allows easier merchandising changes without the expense of sending a tech out to change price,” explained Anant Agrawal, president and co-founder of Cantaloupe Systems.

“The challenges may be cannibalization of cash sales, but I see this being countered by an increase in prices and purchase volume.”

Evan Jarecki, co-founder and chief technology officer, Gimme Vending

Gimme Vending partners with USA Technologies

Earlier this year, Gimme Vending announced an alliance agreement with USA Technologies to equip self-serve machines with cashless and

online services capabilities that are integrated with wireless, plug-and-play technology that helps download DEX from the machines. The app then syncs vend visits in real-time with the operator’s existing vending management system to populate

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ALLIANT COFFEE SOLUTIONS

offers coffee services for all businesses and specializes in making the workplace, cafeteria and foodservice experience exceptional. A new parent company name for the expanded family of products was introduced back in March 2017 and reflects new product additions to Wolfgang Puck Coffee's core offerings.

Alliant Coffee Solutions portfolio includes: Wolfgang Puck® Coffee, Organa™ teas, Reunion Island Coffee®, Donut Shop®, Cafexpress® and Barista Select™ solubles along with other coffee allied products: hot and cold cups, lids, sleeves and condiments.

The company's featured collection, Wolfgang Puck Coffee, offers some of the world's finest specialty coffees artfully roasted with 100% renewable energy and conveniently packaged in compostable, single serve soft pods. Each of Wolfgang Puck's individually wrapped, zero-waste pods contains freshly roasted coffee in 100% compostable packaging.

ACS is making great strides in introducing recyclable, biodegradable, and compostable materials into its products and packaging, and continues to look for ways in which the practices and use of sustainable materials can be improved. The com-

pany partners with the following organizations in creating environmentally and socially responsible products and business practices: Forest Stewardship Council, Fair Trade Organization and USDA Organic.

ACS roasting partner has received Roast Magazine's Roaster of the Year Award. This prestigious accolade is given to roasters that inspire excellence in their company mission, commitment to sustainable practices, product quality, commitment to the industry, and innovation. The award winning roasting plant is powered by 100% green, carbon free energy harvested from natural and renewable sources, such as wind.

Alliant Coffee Solutions is also proud to offer two lines of soluble products, Cafexpress® and Barista Select™. The Cafexpress® line includes 100% All Natural Non-Fat Milk, Premium Dark Cocoa and French Vanilla Cappuccino. All Cafexpress® products are kosher certified, and free of trans-fats, hydrogenated oils and cholesterol.

Barista Select™ is a competitively priced soluble with kosher certified and cholesterol free options to choose from. Flavors include French Vanilla, Milk Topping, Cocoa, English Toffee, Irish Cream, Almond Amaretto, Hazelnut and White Chocolate Caramel.

For more details on the company's product family and services, visit: www.alliantcoffee.com.

Please visit us at the upcoming CTW show in Gaylord Texan Resort & Convention Center, Grapevine, TX – you can find us under "Alliant Coffee Solutions – WP Coffee" at booth #423.

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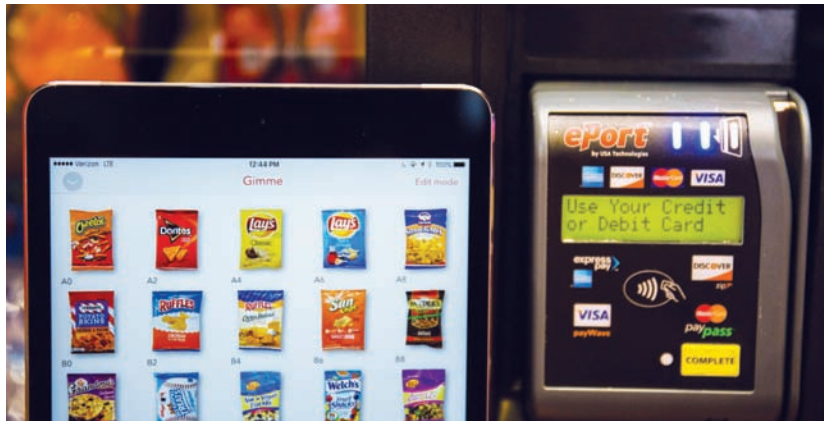
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GIMME VENDING has learned directly from its vending operators that they are increasing overall vending sales by implementing cashless across all of their machines.

large picture displays through a user-friendly interface.

“This allows vending operators to start using our solution without the need for additional hardware, like Gimme Keys, on machines equipped with ePort devices,” says Evan Jarecki, co-founder and chief technology officer of Gimme Vending. “Not only do operators benefitting from USA Technologies get all of the value from the Gimme solution, but don’t need to purchase additional hardware for these machines to gain that value.

Jarecki adds that offering cashless options benefits vending operators in ways other than simply offering consumers more convenient ways to purchase.

“As cashless trends continue rising as a standard in commerce, vending operators will benefit from these upward trends,” Jarecki said. “The challenges may be cannibalization of cash sales, but I see this being countered by an increase in prices and purchase volume. No one is thinking about that extra quarter when swiping a card.”

Customer satisfaction is essential at Nayax

Nayax’s ultimate goal is satisfaction for consumers and operators. As

such, Nayax offers an instant refund feature that increases consumer satisfaction, as well as providing the framework for operators to initiate a loyalty program for consumer engagement and satisfaction.

“We have enhanced our features for closed environments and micro markets, making it an easy, one-step process for operators to upload an entire business’ prepaid cards to the server,” explained Lisa Appelton, marketing and communications manager at Nayax. “Once these prepaid

In Spain, airport employees receive discounts on their purchases at the vending machines, while tourists pay the full amount. This is all controlled by the operator via NAYAX's Management Suite.



cards are in use, users can use their card regularly. Users can easily reload their prepaid cards, either directly at the vending machine with cash or credit card, or uploading their card to Nayax’s Monyx Wallet app or at a white-labeled website.”

Users of prepaid cards can receive discounts based on the card type and with Nayax’s two-tier pricing, operators and facility managers can set separate pricing for employees and visitors.

“Nayax’s focus on consumer engagement gives operators the ability to market their business even after the consumer has left the vicinity of the vending machine,” said Appelton.

Parlevel Systems rolls out campus payment technologies

In Parlevel Systems’ micro markets, cashless payments make up around 80 percent of sales. In order to continue capitalizing on this trend, Parlevel Systems recently implemented campus payment technology for Parlevel micro markets in order to increase sales at colleges.

“We find that customers want to pay in a method they are comfortable with,” said Christopher Blomquist,



Multi payment acceptance is key to the micro market by PARLEVEL SYSTEMS.

marketing content manager at Parlevel Systems. “The more methods you provide an end-customer to pay with, the bigger market you can appeal to.”

Blomquist adds that increased payment methods will also help both customer satisfaction and sales. “Implementing campus pay-

ment technology is an extension of this philosophy,” he said.

Additionally, Parlevel Systems has made continuous improvements to stored wallet checkout for micro markets. For example, wallet reloading, monitoring, and checkout are much faster, and support for employee badges have been implemented.

PayRange puts security first

As cashless payment technology continues to become more prevalent, security issues are also cropping up at an increased rate. Over the past year, there has been a new resurgence of ransomware, malware, and new security breaches that have impacted vending and micro market consumers worldwide. Because of this, PayRange has made security one of its top pri-

orities as it continues to develop new cashless payment solutions.

“At PayRange, we developed our solution with security first,” said Amanda Mailey, director of marketing at PayRange. “The card number is never processed, stored, or transmitted through our servers.”

Mailey claims that PayRange is one of the most secure cashless payment solutions for vending and micro markets. “We never have the card number in the first place for it to be at risk of compromise,” she explained. In fact, with the mobile prepaid solution, there is a firewall between the card and machine providing additional confidence. “The consumers’ card number is never exposed to the machine or operator, which eliminates the risk of a compromise from the machine via a card skimmer or malware.”

Security issues do not compromise innovation at PayRange, however. The company is continuously working to improve the customer experiences that offer great value to both consumers and operators.

“Our innovation pipeline has no shortage of ideas and we are proud to be at the leading edge of innovation in the vending industry,” Mailey said. “We create new experiences, features, and products that bring new growth levers to this industry.”

Yoke Payments taps customer loyalty

With cashless payment technology becoming increasingly prevalent, Yoke Payments is aiming to establish itself in the pack by appealing to consumer loyalty. With its recent roll out of customer accounts and loyalty program, an app user can pre-load their account with the card on file and receive points for every load and dollar they spend at the market. Additionally, employers can now also give back to their employees by pre-loading each users account. Customers can



YOKE offers a mobile wallet for customers.

then transfer the points into Yoke Cash and spend those funds at their market. Customers also have access to their account on the terminal with three ways to log in and once logged in, they can purchase products using the Yoke Cash or card that is on file.

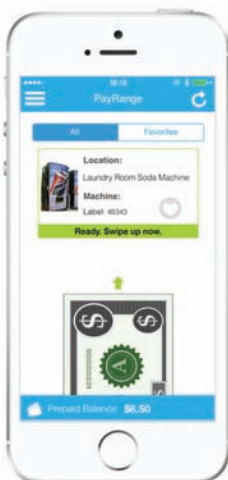
“For us, we know cashless is the future and we have been pushing it since we started,” said Benjamin Thomas, vice president of dreams at Yoke Payments.

In addition to capitalizing on loyalty, Yoke Payments also has worked on several integrations over the past year. Recently, the company finished its integration with Cantaloupe Seed Pro, allowing operators to use Cantaloupe Systems for both micro markets and vending while just using Yoke Payments on the front end.

Another integration currently being finalized (at press time) is with Triteq Locks, allowing users to keep their cooler door locked at all times. Once a customer makes a purchase at the kiosk the door will unlock, allowing the operator to see who accesses the cooler and when. Yoke Payments also added an “Unlock Cooler” button to the mobile app to provide repeat users the ability to open the cooler, grab an item and easily pay for it right from their phone.

As innovation continues to skyrocket, it is increasingly clear that cashless payment is the future. The industry continues to upgrade what operators can offer their end users, making creativity essential when integrating a new payment system. | ◀

PAYRANGE designed its cashless payment technology with a focus on ensuring security, including consumer card numbers.





NAYAX IS a leading cashless, telemetry, management & BI solutions provider for the vending machine industry. Established in 2005, over 250,000 devices are using Nayax solutions worldwide, in more than 55 countries.

Uniquely suited for open and closed environments, Nayax is a one-stop shop that enables more enticing offers to consumers and employees, while providing a simple management system for full transparency. Nayax's multiple payment options include employee ID cards, debit and credit cards, mobile & QR payments. LTE 4G connectivity and EMV-certification ensure a future-proof solution ideal for vending machines, micro-markets, OPLs, photocopiers, OCS, PPE dispensers, etc. Capabilities include instant refunds, e-receipts, revaluing cards, two-tiered pricing, ability to plan sales re dates/times/products and more. Nayax produces EV Meter, a universal, dual level 2 charger with full cashless payment solution.

Nayax offers a comprehensive array of cashless payment solutions including debit and credit cards, mobile telephones, SMS, prepaid

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Attending to the Unattended

250,000 devices
are using Nayax
solutions worldwide.

cards and NFC payment options. Point-of-sale options include swipe, contact or contactless card payment methods. As a complete package accepting virtually all forms of payment, Nayax cashless solutions eliminate sales barriers while encouraging impulse purchases due to ease of use.

Nayax cashless expertise enables operators to receive the complete package with no need to deal with banks, credit fees, telecom payments and more. With Nayax there are no surprises at the end of the month. Nayax works with leading global payment processors to provide the best cashless services at highly competitive rates.

Nayax is a PCI-DSS level 1 and 2 Service Provider, the highest level of security standards certification. Reviewed annually to ensure strict compliance. Nayax hardware is FCC approved. Nayax is certified by ISO – 9001 2008. Nayax offers local support and ensures that all our customers receive a very high level of service in their local territory.

The platform includes proprietary hardware and software, SIM cards and credit card clearing – ready to run now with virtually all vending machines, designed in house to fit the needs of the industry. The Nayax management &BI suite allows for online machine management, real time status reports and customized SMS/E-mail alerts for different machine events such as vendouts, low/high temperature. The Nayax BI system allows for customizable smart analysis, reports and statistics.

The advanced analytical tools provide actionable insights including the ability to forecast inventory issues based on historical data and compare products and costs while seeing growth in sales by location. The Monyx Wallet app enables operators to create marketing lists and offer more methods of payment. Additionally, the MoMa application by Nayax assists operators in changing machine attributes on-the-fly, easily and remotely.

In 2016, Nayax acquired Vend-Sys, developer of best-in-class, cloud-based vending management software (VMS), to deliver a comprehensive, cost-effective solution, and provide fuller value-added services to US & international customers.

Nayax has won recognition for its leading technology and advancements from leading industry organizations including *Automatic Merchandiser*, *Vending International*, *Eu'vend*, and *Contactless & Mobile Awards*.

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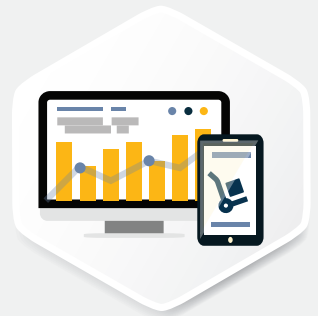
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How To Increase Sales & Profits

Add new locations or devise ways to increase your same store sales.

By Gary Joyner, Contributing Editor

There can be no doubt that the question I am most often asked by vending company owners and managers over the last twenty three years is how can we increase our sales and profits.

The basic answer to that question is really quite simple. You can add new locations to your customer base or devise a well thought out sales plan that will get your locations customers and employees to purchase additional items from the vending machines or micro markets you currently have at the location. Let's start with the second option first.

Increase cold food choices

Plan an eye catching display

Write a marketing plan per location

Offer multiple brands

Sell more items

In order to implement a plan that reaches the goal of customers and end users purchasing additional items, come with me on an imaginary trip to a vending location and let's take a look at what we all see far too many times. Sometimes vendors lose sight of the fact that they are actually operating a small retail store in the location's building.

I would like for you to walk with me into an imaginary small retail store and take a look at what the customers see. As we walk thru the door, one of the first things we see, or rather, do not see, is any type of signage that states the following items are on sale. Have you ever walked into a department, grocery, drug or convenience store and not viewed anything about what's on sale?

The next thing we see is a snack machine that has no rhyme or reason

HAVE you ever walked into a store and not viewed signs about specials?

as to how and why the products inside are displayed and merchandised. I 100 percent guarantee you that when you go into a Wal-Mart, Target, Walgreens, 7-11 or any other store, they have a plan on how everything in that store is displayed in order to get you to spend your money.

As our eyes begin to scan the other vending machines, we are drawn to a cold drink machine that has a big bright logo of a major cola company extolling the virtues of their brand and not the vending company. When we approach the cold drink machine we notice that only one of the two major cola brands is available in the machine. We all know the reason for that, the bottling company is furnishing the machine for the vendor with the caveat that only their brand can be sold from their machine.

Coke and Pepsi literally spend hundreds of millions of dollars per year trying to get their customers to stay loyal to their brand and yet the vendor is not willing to offer their customers the option of having the two major brands available for purchase. Both of the two top brands usually have a market share of somewhere between 30 and 40 percent.

The reason all of the major retailers in the U.S.A. offer both brands is that they are not willing to take a chance of missing

a sale by only offering one choice of cola to their customers.

When we next take a look at the refrigerated or frozen food machine and see non refrigerated food items

for sale (i.e. Raimen Noodles, Mac & Cheese Kits, Fruit Cocktail, etc) is it any wonder a large number of cold food machines are not making money for the vendor. Today's vend customers are looking for more selections and choices than ever.

In 2016 surveys by foodmanagement.com, ezcater.com and Employee Benefits Adviser magazine all pointed out how important employees in all size companies regard having food available to them in the workplace is an important benefit and perk.

Accept more payment options

Now the fun begins in our imaginary store. As we go to pay for our products, we are told the store only accepts coins and one or five dollar bills. No tens or twenties allowed in this store. And then the final insult, if you are going to use a credit or debit card you have to pay an additional fee for the privilege of using your card.

Oh-Oh-Oh I almost forgot. If you are not happy with your purchase and want a refund, you may have to wait up to a week for your refund until someone from the store's main office is at the location to take care of refunds.

Let's be honest, if you were shopping in our imaginary store and they put these road blocks up that discourage you from making a purchase, would you be anxious to spend your money at that store? I think we all know the answer to that question.

In order to increase sales and profits at your locations, you need to have a written yearly marketing and sales plan for each location, depending on that locations demographics and

Accept multiple forms of payment (\$20 bills, credit cards, etc.)



Promote what's on sale or special

employee base. Your plan does not have to be cast in stone and it can be adjusted when circumstances arise.

Isn't it ironic that the major retailers all have a written plan on how they intend to increase sales and profits at each store. They have promotions, sales, free sample tastings, etc. not for the fun of it. They do it because it works. Virtually all of the leading vending product suppliers have information available that will assist you in developing a written plan to increase your sales and profits.

Promotions to use today

How can vendors offer promotions in their machines that will increase sales? Here are some promos that have worked for me and my clients. Give away \$2 bills in the snack machines by taping them on products you may have bought on sale from your suppliers or on products that are a few days from the expiration date. We have had great success by taping free vend coupons or free vend tokens on items. You will be amazed how much your sales and profits can increase if you budget just ten dollars per month per location.

The one promo we have had the most success with has been giving away Florida lottery scratch off tickets with the purchase of various items. (Before you do this, ensure it is OK by the lottery commission in your home state to give them away.) We had an employee at one of our locations win \$1,000 after buying a bag of chips and the next morning I got a call from our route driver telling me that when he got to the location that morning, the snack machine was virtually empty because when everyone heard about the lady win-

SURVEYS

find that food at work is increasingly important.



iStock

ning \$1,000, they went to the snack machine looking for more lottery tickets. We increased our snack sales by approximately \$137 in one day by taping three one dollar lottery tickets in the machine.

Two-for-a-dollar promotions are another popular option. All you do is purchase private label sodas that normally cost about 21 cents and promo brand chips where the 1 ounce bag usually costs around 17 cents. Then show your location that their

employees can still get a cold drink and a snack for a dollar. Your total cost for the two items is 38 cents, but you sell them for a dollar.

It's also important to make it easy for customers to make purchases. If you install a cash recycler on one machine in a location that allows your customers to get change for a ten or twenty dollar bill, your sales will increase greatly.

New location lures

You can also increase your sales and profits by adding new locations. Try offering these new prospects benefits your company will furnish to their employees that your competitor will not. These have to stand out.

David Letterman made his top ten list a mainstay on his late night show five nights per week. I had a top ten list for my vending company that showed the ten things that made us different than anyone else in our market. Can you think of ten things that make your company stand head and shoulders above the competition?

You can increase your sales and profits just by being a little creative and copying what the major retailers do every day. You can make it happen, you really can. Think of this quote from the late Dr. Wayne Dyer, which always seems to ring true: "When you change the way you look at things — the things you look at change." | ◀



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.

THIEMAN TAILGATES History

THE START OF THE

THIEMAN liftgate line originated in the early 1960's. At that time, it was known as Watson which had a product line consisting mainly of conventional style liftgates. In June of 1968, Todco purchased Watson and immediately began to broaden its liftgate line. In the early 1980's Todco had chosen to subcontract many of its liftgate components to a company called

THIEMAN STAMPING. In August of 1987, THIEMAN acquired the liftgate line which today is known as THIEMAN TAILGATES, INC.

Today, THIEMAN TAILGATES produces its entire line of liftgates in Celina, Ohio. The manufacturing plant has expanded three times within the last 20 years. THIEMAN TAILGATES are sold through a distributor network throughout the world.

THIEMAN TAILGATES has been recognized for producing a top quality liftgate for the truck equipment market. THIEMAN has one of the most complete liftgate lines in the industry and include railgates, stowaways, sideloaders, conventional and pickup truck models. Liftgate capacities range from 1000 lbs. to 6600 lbs.



Thieman Tailgates demo truck allows them to demonstrate 5 different liftgates to customers.

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Gimme Vending Co-Founders Evan Jarecki & Cory Hewett

At Gimme, we have one goal in mind: empower vending operators to know everything about their machines. Achieving this means moving away from legacy technology that doesn't get the job done, and leveraging the tools of today. We built a solution that not only solves the issues of legacy technology, but creates opportunity for growth in vending operations by breathing new life into your machines. We learned this from you.

THE COMPANY obtained its first utility patent in early 2016, addressing a primary data challenge faced by the vending industry. The patent covers a communication device for vending machines and the method of using it for bi-directional transmission of data from vending machines and computing devices.

For years, vending route drivers and operators have been forced to use expensive, cumbersome and outdated technology that fails to serve their needs. And, vending company owners have had to rely on the handheld device to collect data that drives inventory restocking, scheduling, route planning, and cash tracking.

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Gimme's technology scores each point-of-sale in the network based on the suitability of inventory to consumers on location and helps track what's happening in the field, where the cash and inventory are, all in real time, without end-of-day downloading, synchronizing, or hand-keying.

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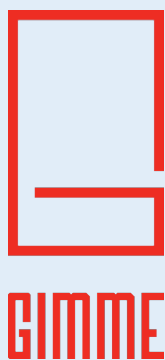


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Gimme makes unattended retail a reality. Gimme's award-winning and patented plug-and-play solution replaces legacy handhelds to deliver valuable data, like purchasing patterns, and provide operators with better cash accountability, inventory tracking, and machine status data. This translates into fewer stock-outs, faster warehousing and restocking, and streamlined product planning.



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TECHNOLOGY AND THE VALUE OF YOUR BUSINESS

By Mike Kelner, Contributing Editor

Investments enhance value and lower risk to buyers.

With the advent of sophisticated vend management technologies such as remote monitoring, dynamic scheduling and pre-kitting, the vending business has entered a new era. The days of route cards and our dependence on the institutional knowledge of our route staff are gone. As we transition the business a question lingers...is my business worth more as a result of the investment of time and money into new technologies?

Sophisticated acquirers assess a business and its value based on several factors which are impacted directly by new technologies. As I have worked through transactions across the country, the following benefits are clear.



Profitability

Understandably buyers are focused first and foremost on profitability. If a business is unprofitable it is very difficult to sell at any price, let alone

an attractive one. Consistent, reliable and measurable profitability is paramount to the value of any business in any industry. Successfully implemented vending management systems enhance profits in several ways:

1 Efficiency. A well-run management system enables larger routes, driving fewer miles and maximizing the collections per stop. Higher volume routes mean fewer route trucks and the associated labor savings.

2 Product management. Up-to-the-minute information allows a company to provide the right product in the right location at the right time. No longer is excess inventory sitting idle in route trucks all over town. Better product management also translates into higher inventory turns and better cash management.

3 Asset management. The information now available enables an operator to know definitively the profitability of every vending machine they own. Decisions regarding asset placement, prices and service frequency are now made based on quantifiable information not gut instincts.



Better information

Verifiable information builds credibility in the sales process. In most circumstances the information that you provide a prospective buyer is their first look at your business. If the information requires extensive explaining to be understood or requires weeks to assemble, it is a red flag to buyers. There are multiple benefits to better information through technology:

1 Credibility. Providing buyers with information direct from the source (i.e., machine level) builds confidence that the data is free of any manipulation. Buyers are understandably suspect of information that requires adjustments or explanations. Don't underestimate the value of your credibility in the sales process. It plays an enormous role in a successful sale.

2 Timeliness. A well implemented vend management system will provide reports and information in a timely fashion. All too often

sellers struggle to provide even the most basic reports to a buyer. This obviously doesn't build confidence in the information or the management of the business. Further, it lengthens the due diligence process which poses risks to the deal and the business.

3 Positive impression. A business that has credible, timely reports creates a positive impression in a buyer's mind. From their perspective, this indicates that the management is professional and creates an impression that the business is well run. Ultimately this means fewer issues and a reduced likelihood of a price decrease.

4 Facilitates due diligence. The due diligence process is a stressful time for both buyers and sellers. Sellers are concerned that some surprise will crop up and result in a renegotiation of price. Buyers similarly worry that they may be missing something material to the transaction. The better the information the less the stress on both sides of the deal. Sellers will be more confident of the information presented and buyers more willing to accept the information at face value.



Process versus people

Vending remains a service business but many crucial aspects are much less people dependent with a well implemented vending management system. Historically vending has depended in varying degrees on route people, key supervisors and owners. Businesses with well managed processes in place are attractive to buyers for the following reasons:

1 Reduced dependence on the owner. Vending businesses tend to be very owner dependent. Decision making and authority are concentrated. This may work for a small to medium sized business but it creates a valid concern in the minds of buyers. What happens when the owner is gone? Are any of the staff

capable and willing to assume leadership roles? A process driven business allays buyers fears providing assurance that the business process can continue without the owner.

2 Replaces institutional knowledge with information. Historically route drivers, supervisors and owners were the keepers of the customer knowledge. The business was dependent on them and their continued employment. This is a tenuous situation for a prospective buyer. Can they be assured of the continued loyalty and willingness of route staff and supervisors? A robust information technology system dramatically reduces the dependence on these people and the risk that goes along with it.

3 Accelerates training. The training process no longer requires a route driver or manager to learn every nuance of every client. Training is now more process oriented and can be accelerated significantly. As the industry migrates towards a more standardized system, route personnel can be more readily integrated into the acquiring business.

4 Eases the transition for buyer. Integrating an acquired business is an expensive proposition. It requires significant time, labor, effort and money on the part of the buyer. A well-functioning vending management system greatly eases the integration and compresses the timeline for completion. This is important to a seller in situations when a portion of the purchase price are held back. The more successful the transition, the greater the likelihood that the seller will get all his money.



Management proficiency

1 Halo effect. Businesses that have up-to-date vending management systems that are well implemented and administered, consistently receive higher offers. For all the reasons above buyers are willing to pay more than they would for comparable businesses lacking the technology.

2 Indicative of ongoing investment in the business. All too often, business owners begin to defer capital expenditures as they approach the point of selling their business. The deferred cap-ex is a future cost for a buyer. A seller that has invested in the latest technology has effectively saved a buyer that cost and the time investment required. It demonstrates that the seller has remained engaged in the business and kept it current.

3 Professionalism. Businesses that lack quality information systems are viewed as throw backs to the days of seat-of-the-pants management. This is not how a seller wants to be viewed. It creates a skepticism in the buyer's mind and typically translates into lower offers. Alternatively, owners that have made the investment are viewed as sophisticated, proactive business people.

So, is your business worth more because of the investment you've made in technology? In short, yes. Your business is of greater value to an acquirer and offers them a lower risk opportunity to realize profits and a fair return on their investment. | ◀



ABOUT THE AUTHOR

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.

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Poised For The Future

By Emily Reformat, Editor

Sterling Services co-founders Ray Friedrich and Chris Peppo embraced micro markets early on and now view technology that can bridge the gap between unattended and attended as the next big industry shakeup.

“We love technology here. We love innovation,” said Ray Friedrich, co-founder of Sterling Services based in Canton, MI. The company started 31 years ago as a business between two school friends, Friedrich and Chris Peppo,

and grew into a medium sized independent that employs 176 people in the Detroit area. The business partners never stopped evolving the business, first to include more vending and then micro markets and now dining. With investments in vending, micro



market and foodservice technologies and anticipating the needs of the local employers, Friedrich and Peppo keep Sterling Services a strong contender.

Starting with a can-do attitude

Long-time business partners, Friedrich and Peppo both grew up with fathers involved in the restaurant business, which helped guide them to foodservice. “We were high school buddies thinking that we would start a catering business one day,” said Peppo. When they went to a hotel in 1986 to offer their catering services, the hotel refused. However, the hotel did need a vending operator. That was the beginning of Sterling Services, one hotel and two people with enthusiasm, a can-do attitude and a

With the help of Jeffery Ranck, left, Neil Murphy and Bekim Pellumbi dining has become a large part of Sterling Services’ business.



The team often tastes new food creations. Chris Peppo, seated far left, president automated retailing division (partner); Bekim Pellumbi, president of foodservice division (partner); Jeff Ranck, operations manager foodservice division (partner); Mike Trupiano, vice president operations; Neil Murphy, chief culinary officer; Elizabeth Jaskierny, customer care manager; Amber Deraedt, creator of opportunities, and Chris McClendon, executive catering chief.

willingness to rethink the concept of service, plus day jobs.

Fast forward 31 years and the attitude of the owners is much the same. “Over 30 years later and I still truly enjoy this business, every day,” said Peppo. “It comes with challenges, but it’s the new stuff that keeps it exciting.”

Move to micro markets

Ten years ago, the business mix of Sterling Services looked a lot different. The company drew 80 percent of its revenue from vending and office coffee service (OCS) with only 20 percent from catering and foodservice. Today, half the company’s revenue is from micro markets, vending and OCS while the other 50 percent is

dining. On the unattended side, micro markets are the lead revenue generator with a good market route bringing in \$1.5 million in revenue compared to a good vending route that does closer to \$650,000 per year. Friedrich and Peppo loved micro markets upon first introduction at a NAMA show in 2005. “We were super intrigued when we saw the concept,” admitted Friedrich. “We felt that if it worked, it would really change things.”

Sterling Services began partnering with companies working on the new self-checkout solution for workplaces that would eventually be known as micro markets. The first iteration of the solution was a self-checkout system that used RFID

or radio frequency identification tags on each of the products for sale. The system was called Freedom Shopping and made by Dagosi LLC in Hickory, NC. It offered a kiosk that would scan the product RFID tags simultaneously, instead of forcing a consumer to scan them one at a time. It also featured an audible alarm if the patron left without scanning the items and video cameras to record the area.

Early tough sell to customers

Friedrich and Peppo appreciated the concept since it allowed different product sizes, cashless payment acceptance and led to better perception of on-site foodservice by customers. Despite these benefits, the duo



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(<http://OptConnect.com>) is North America's leading provider of cellular connectivity for Micro Market Kiosks, ATMs, Digital Signage and other custom applications. OptConnect has partnered with Tech 2 Success, one of the nation's leading vending technology consultants, to help create a best-in-class product and service for vending operators.

OptConnect has revolutionized the way micro markets communicate, providing for fast and secure connectivity, cost savings, and greater reliability.

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Fresh @ Work is the brand Sterling Services uses for its micro markets.

Recession increases technology

During the time Sterling Services was growing its micro market business, the Great Recession happened, from 2007 to 2009. It had a lasting impact on the company. “It took the Detroit area a long time to recover from the recession,” said Peppo. “It caused us to rethink things, adapt and change.”

Some of the changes the company made are easy to see. “We lease trucks now so we are better able to control budget,” said Peppo. The company also stopped borrowing money to grow, instead slowing the pace to a more sustainable rate. Lastly, the company added cashless to vending machines, because it was the only way to stay relevant to the customer. It was needed, despite the investment. Right now the company is looking at adding a vending management system in order to get the types of information that would make that segment more productive. “The things that we’ve taken from [the period around] 2008 have made us better business people,” said Peppo.

found it was a hard sell. “Locations wanted proof of concept,” remembered Friedrich. Finally the pair was able to convince one of their best clients, an auto parts manufacturer, to try the idea. “The second people saw it in action, they said they wanted one,” said Friedrich.

It was during this time, after 2005, that self-checkout systems evolved. The RFID tags were deemed too expensive, costing around 13 cents a tag, and needing to be manually added to every product sold. Instead, most micro market providers switched to using the bar

codes already located on the product packages. Sterling Services rode this wave, trying a number of different systems. However, one element was lacking that both Friedrich and Peppo really thought was vital. “In one of our cafés, the customer pays at the cashier. But at a micro market or vending machine, the customer pays on a different system entirely,” said Friedrich. That is when an employee at Sterling Services, Jim Bishop, went hunting for a supplier that could integrate the systems. Over the next 3 years, Sterling Services consulted with Digital Checkouts, an existing



Vehicles are branded to be moving marketing advertising Sterling Services' micro markets.

point of sale software to do just that, and a lot more.

A micro market dining hybrid

Friedrich and Peppo now use Digital Checkouts as a main supplier for micro markets, and one of the key reasons is the flexibility of the kiosk. It can be used as a register by a cashier during peak times at a workplace, but then go into self-checkout mode for around the clock shopping. It bridges the gap from attended foodservice to unattended. That is what the Detroit Duo believe will be needed in the future. “I think self-checkout and self-order systems will do for corporate dining what the micro market did for vending. It has proven to increase sales, decrease labor and give the consumer a better experience all at the same time.”

Bridging the unattended and attended foodservice was a solution revealed as the Detroit area went through the recession. Sterling Services saw locations closing and

employers looking for ways to save money on services. Sterling services began moving these customers to the self-checkout or micro market solution which gave locations a way to offer food and beverages on-site as an employee amenity while reducing or eliminating the cost of a cafeteria and/or cashier. It worked well and was a large part of what helped the company through the tough period of 2007 to 2009.

Dining takes on starring role

As the recession ended and business began to pick up in Detroit, Friedrich and Peppo noticed a change in the mind set of their location customers. “Companies are again willing to invest in luring and retaining employees, especially Millennials,” said Friedrich.

It isn’t unheard of for companies in the Detroit area to spend \$200 to \$300 on foodservice per employee in order to attract and keep talent. “It’s becoming fashionable to feed people again in B&I accounts,” joked Friedrich. The rise in locations willing to spend money on dining didn’t inspire Friedrich and Peppo along with their partners in the dining business, Jeff Ranck and Bekim Pellumbi, to go into a traditional cafeteria business, however. Rather, they created café and food court-like options that presented the new look and feel employers were looking for in the break area.

Currently, Sterling Services operates 26 cafés, all fully staffed with their employees who prepared fresh food on site, most made to order. “Each café is self-contained,” explained Friedrich, meaning the in-house commissary doesn’t prepare or deliver food to them.

One of the most popular entrees at the cafés are the made to order salads at the Chop Shop. Employees build their own picking the type of lettuce they want, the vegetables and a protein. Other popular concepts are



Each micro market is designed for the space and with customer input.

the Corner Slice, which offers customizable pizza, Abe’s Deli for soup and sandwich combinations, as well as the Starbucks cafés complete with baristas. Many of the cafés also offer a grab and go solution with freshly packaged food made that day.

Likely because of their restaurant past, Friedrich and Peppo wanted to create a different workplace dining experience. They wanted the food to be front and center. They have a staff of chefs who come up with different dishes and everyone sits around for a taste of these new creations. “Our chefs love to follow culinary trends and be creative,” said Friedrich. “We

don’t shackle them with what to make. We let our chefs come up with recipe ideas, which they vote on. It’s a way to let them spread their wings.” The idea is to offer a range of items, some that appeal to the traditionalist, but also those items that inspire the foodies, specialty items that can’t be found anywhere else.

Layout and design partnerships

With these new workplace cafés and eating areas, there is always the question of who pays for design and furnishings. Sterling Services consider themselves a partner with the location. The location company often wants to upgrade the break area and eating spaces in a certain way and Sterling Services is part of that, a more significant part. “Major corporations are looking at us differently now. They are centering spaces around what we do. Now we are markets and cafés at work, not just vending machines. It is causing them to make an investment in the space and the service,” said Friedrich. Even within cafés and micro markets, where Sterling Services covers the costs, the company wants to offer some customization to the customer location. “We work with clients to incorporate their logos and colors so that it feels like an extension of that company too in addition to our own,” explained Peppo.

Operation Profile: Sterling Services

Founded: 1986

Headquarters: Canton, MI

Founders: Ray Friedrich & Chris Peppo

Employees: 176

Annual sales range:
\$10-\$20 million

Technology suppliers: Digital Checkouts, USA Technologies, 365 Retail Markets, Lightspeed, Parlevel Systems



Connecting People With Products At Work

365 RETAIL MARKETS

has fundamentally transformed the way employees view the breakroom. Since 2008, 365 has been creating technology that connects people with products at work. Their proprietary, 365 self-service technology provides a turnkey platform allowing operators to increase sales, improve the customer experience, and increase profits, while reducing operating costs!

With 365, you're purchasing more than just technology. You get an entire ecosystem. They'll work with you to design your ideal market, bring your site live, and assist you with their technical support whenever you need it. From their cutting-edge developers working behind-the-scenes, to their dedicated Implementation & Support Teams assisting you from order to open (and all your needs after), the 365 Team makes up the most important part of their 365 ecosystem. 99.99% uptime and 24/7 live on first call, proves they are built-to-scale and their reputation for quality service and hardware is unparalleled.

365's new Connected CampusSM seamlessly connects each location's 365 MicroMarket, vending and/or dining service into a single network, allowing customers to use one Global Market Account to make purchases

at any payment station, through their secure mobile app, 365Pay.

MicroMarkets

At the center of every 365 MicroMarket is the self-checkout kiosk, where users scan and pay for their items. The highly automated product lineup provides State-of-the-art technology. Their latest kiosk, the nanomarketTM is a tablet-sized alternative that is perfect for smaller client locations.

Vending

365 is also innovating the vending space with AirVend, a peripheral device that attaches to vending machines. AirVend accepts cashless payments, as well as displays nutritional values and advertisements right at the point of sale. Their vending line also includes 365 Inside, an easy-to-install device that fits inside the vending machine and accepts mobile payments through the 365Pay app.

Dining

ReadyTouch provides cutting-edge technology through point-of-sale systems that are fast, flexible and intuitive. The versatile ReadyFlex, system easily transitions from cashier mode to self-service mode with the push of a button, allowing for extended hours

of operation. It is a great fit for dining operations within corporations, schools, hospitals and more.

Software and Security

Above all, 365 is a software company, supplying operators with the most secure and reliable operating platform, allowing operators to implement sales incentives using layered promotions, manage their inventory and protect their markets from theft with the cancel report feature and data encryption.

365 has been at the forefront of payment security since the inception of the MicroMarket industry. As the first PCI certified vendor in 2012, 365 considers security a tenet of every product and service provided. 365 has a team of dedicated developers and security staff to monitor and enforce industry standards.

365 takes a leading role in innovating industry solutions, including participating in advocacy initiatives in the U.S. Congress and working with NAMA to create the VDI standards.

365 has won many awards for their innovation and growth, including two NAMA Innovation Awards. They have been named to the Inc. 5000 list of Fastest Growing Companies for the past two years.

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A smart, integrated future

Sterling Services plans to continue adding dining, micro markets, and whatever services the locations want, but with more benefits. “Imagine not having to wait in line,” said Friedrich. In his mind, if you train the consumer to use the phone or kiosk it eliminates the back and forth between the chef and customer as well as longer wait times. With digital ordering a cook can make 10 orders at once, instead of just one at a time at a counter. “It’s more productive,” said Friedrich. “It is taking out the consumer interaction which is what slows the process down.”

It also means the line becomes virtual or behind the cooking station, with little to no waiting for the consumer. “Integrating some form of self-order and self-checkout will serve more people, save money on a cashier, and result in employees being more productive because they get to enjoy more of their lunch period,” said Friedrich.

The duo is always looking around for inspiration as well, how the consumers attitude is shifting and what they can offer next. For example, Peppo will look at the local retailers to see if there are new concepts he can bring to the business. “You see seating areas and Starbucks in grocery stores,” said Peppo. “The break room has to keep up with those places in order to compete.

Vending gets upgraded

Friedrich and Peppo are the first to admit their love of technology drew them to the micro market and dining segment, which resulted in increased revenue. Now they are focusing on vending, which is far from a dead segment for the company.

We thought micro markets would totally replace vending machines, but that hasn’t been the case. “It’s not uncommon for a location to have all three,” said Peppo. For example, there

Competition is fierce

The saturated market in Michigan makes customer service of the utmost importance to Sterling Services. The company reaches out to locations 10 to 20 times a week with email, calls, visits, etc. Chris Peppo, one of the founders, looks especially hard at the locations he hasn’t heard from because while they don’t complain, they still might not be happy and it’s hard to find new locations in the Detroit area. “Right now, with nothing growing, we are taking someone else’s business or someone’s taking our business,” he said. This is why he feels it’s so important to stay in front of customers and be sure to satisfy their needs.

is free coffee in a number of areas, there is a micro market might near the offices, and a vending machine is on the loading dock.

Instead, the company is making a large investment in vending. “We are in the final stages of selecting a vending management system provider,” said Peppo. The information will be useful as the tastes of the vending customer has diversified. “It used to be very distinct,” said Friedrich. He recalls location preferences used to be very clear and different from one another, white collar, blue collar, maybe a mix of both being gray or light blue. Now there is much more blending with many consumers who are looking at healthy and the value of the items. This is happening at all business and industry (B&I) locations

from factories to hospitals. “The lines have really blurred and everyone is more health conscious. Even at traditional blue collar locations, people are buying salads,” said Friedrich.

Friedrich admits that vending machines still present a challenge, because everything is behind glass, but in the right area, they do great, especially with the new video media and credit acceptance to keep them relevant. As the company adds micro markets and dining locations, they remove vending machines. If it is a newer machine, Sterling Services uses VE doors to renovation the machines. Then they find a place for it, perhaps moving other machines around. “Our busiest department is probably our moving department,” said Peppo. “We are constantly moving equipment.” Sterling Services has also begun disposing of old machines, especially coffee machines. The outdated equipment is taking up space in the warehouse that the company needs for more SKUs of products to keep the micro market business growing. For other vending machine accounts, Sterling Services will buy new equipment.

Vending machines will also be a part of the integrated future Sterling Services sees for micro markets and dining. They are experimenting with combination deals and electronic coupons.

After 31 years, the industry looks very different for Friedrich and Peppo. However, that is part of what they like about. The challenges have revealed better ways of doing business, keeping an open mind has led them to greater revenues and they see an exciting future full of cross-over foodservice potential. | ◀

“Even at traditional blue collar locations, people are buying salads.”

Ray Friedrich. president automated retailing division, Sterling Services



IIC Guardian

SEAGA MANUFACTURING, INC.

With the consummate success of the Intelligent Inventory Control (IIC) system, Seaga recognized a need to expand the system's capacity so that it would include greater product security, flexibility and the talent to vend larger items. In light of this, IIC, a division of Seaga, developed the perfect complement to its popular IIC system, the IIC Guardian. Outfitted with LED lighting and boasting 24 secure field adjustable compartments, the Guardian is great addition to the IIC family. With check-in/check-out capabilities and a robust cloud-based software package that is completely integrated with reporting features, the Guardian provides the clear and conclusive accounting of supply usage enabling the precise forecasting and reduction of inventory levels by 50 percent or more. The IIC system allows companies to stock what they need, when they need it, providing disclosure on who has what, when and where.

VendingMarketWatch.com/12342985

Countertop Lid Organizer

TOMLINSON INDUSTRIES

Tomlinson Industries has introduced new Countertop Lid Organizer to its Modular Dispensing Systems product line. Tomlinson's new lid organizer features a durable stainless steel welded frame construction and a sturdy plastic insert with three rows for lids and a bottom row for condiments and straws. Removable plastic insert allows for easy cleaning. The organizer is available in large and small designs to suit various countertop footprints.

VendingMarketWatch.com/12344839



Oatmega Cookie Made With Grass-Fed Whey

AMPLIFY SNACK BRANDS, INC.

Oatmega Cookie is made with grass-fed whey, a premium, high-quality, complete protein that comes from happy, grazing New Zealand cows that are pasture-raised and antibiotic-free. Each cookie contains 12–13g of protein, a daily dose (250mg) of DHA & EPA Omega-3s, and is certified gluten-free and non-GMO. Oatmega Cookie is available in three delicious flavors, including Chocolate Chip, Peanut Butter and White Chocolate Macadamia.

VendingMarketWatch.com/12349442

Ranger Design Configurator

RANGER DESIGN

Ranger Design launched a new online configurator tool. This innovative tool designed by Vortex Solution will make it easier than ever to configure a custom system for Ford Transit and Ford Transit Connect commercial vans.

The Ranger Design Configurator features a revolutionary real-time 3D experience that allows for easy customization and a perfect fit. The tool is simple and easy to use, providing an innovative solution for configuring commercial vans that saves time and money.

VendingMarketWatch.com/12340011





PRODUCT ROUNDUP



Twinings Tea K-Cup® Pods

TWININGS NORTH AMERICA

Twinings North America now offers their most popular teas in K-Cup® Pods. The pods allow customers the option of quality Twinings tea from a Keurig single-cup brewer. The range of tea K-Cup Pods includes English Breakfast, Earl Grey, Chai, Green tea, Pure Peppermint, Breakfast Blend, Christmas Tea, Classic Blend, Irish Breakfast, Distinctively Bold, Lemon & Ginger, Morning Splendor, Nightly Calm, Winter Spice, Pure Rooibos and Pure Camomile.

VendingMarketWatch.com/12353422

Cheesewich Cheese & Meat

CHEESEWICH

Introducing the Cheesewich™ a grab-n-go meal or snack of salami sandwiched with cheese and vacuum-sealed to protect freshness and flavor. The gluten-free, no carb option is designed for today's fast paced, health conscious consumer. Each package is 2.5 ounces and has a refrigerated shelf life of 12 months.



VendingMarketWatch.com/12350247



TWIX® Peanut Butter

MARS CHOCOLATE NORTH AMERICA

Starting this September, Mars Chocolate North America will bring back fan-favorite TWIX® Peanut Butter. TWIX® Peanut Butter is a combination of a crisp crunchy cookie and a layer of creamy peanut butter topped with milk chocolate.

VendingMarketWatch.com/12353340

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Huskee Launches Sustainable Coffee Cup

HUSKEE

Huskee has introduced HuskeeCup, a coffee cup made from discarded husks of coffee beans to create cups that are "sustainable, functional, and a pleasure to hold." HuskeeCups are currently in the pre-production stage and consumers can place an order on Kickstarter.



VendingMarketWatch.com/12348488



M&M'S® White Chocolate

MARS CHOCOLATE NORTH AMERICA

Consumers are now able to enjoy M&M'S® White Chocolate year-round. Previously, the flavor was a seasonal offering sold at retailers nationwide. This item is on-trend, as white chocolate is a growing segment with a 5-year CAGR of 12 percent. White chocolate indexes at 140 with Hispanics and the Hispanic population is growing 3 percent annually. (April 2017, \$1.09-\$1.39 for 1.50 oz. Single)

VendingMarketWatch.com/12352299



Marketplace

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

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I WANT TO THANK the Vending and Micro Market industry for your support.

I started fixing electro mechanical pinball machines and juke boxes when I was a teenager in 1976. I started fixing Full Line vending machines in 1987. It's been a great career and has allowed me to raise 5 children. I now have 8 grandchildren. I will be getting married July 29th to Fatima. She has two beautiful children ages 7 and 15 that I welcome into our family.

I started TUFFFRONTS in 2004 with a knife and a piece of ABS plastic. Cutting out one panel at a time by hand. Since then we have grown and automated our processes. Thirteen years later we now have a beautiful 30,000 square foot facility. I enjoy trying to make the best products and provide the best service to our customers.

As an entrepreneur, you must be organized, have good communication, be honest with yourself, and change with the times.

Graphics That Pop manufactures TUFFFRONTS that are durable Black ABS plastic panels that refurbishes the fronts and sides of vending machines.

GTP produces custom graphics for the fronts of vending machines and area décor such as headers and enclosures.

GTP has the best solution for stopping customers from shaking vending machines with our Alignment bracketing system.

Micro Markets are our fastest growing product. Our Micro Markets are Ultra-Lite weight with threaded connections that are counter sunk then epoxied into the Balsa Plywood. We then mount plates with ¼ inch bolts to the panels. The operators insert pins to assemble and disassemble their Micro Markets quickly. No tools are required

to assemble or disassemble their Micro Markets. Any of the sections can be reconfigured at any time.

GTP's standard shelving is 18 inches deep and comes with product dividers that are adjustable in 1-inch increments. Our new automatic product delivery system is raising the bar on Micro Markets. This system advances all your products automatically using a spring-loaded product pusher. The automatic system comes with an adjustable hold down bar that only allows one product to be removed at a time then allowing your products to advance. This system keeps your Micro Market organized and looking professional all the time.

Our Micro Market fixtures are second to none they are the best and most versatile. They come in any design or shape your customer may desire. They can be customized with different graphics in the future if you move your Micro Market to another location. Any part on the Micro Market can be easily repaired if damaged. The balsa wood never swells when exposed to water.

GTP provides free design presentation for Micro Markets or Banks of vending machine. Simply contact us and tell us what equipment you want to show and we will do the rest.

Robert H. Liva

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1. Technomic, Breakfast Consumer Trend Report, 2015

*Enjoy belVita Breakfast Biscuits as part of a balanced breakfast with a serving of low-fat dairy and fruit.