

# 2023 FULL RECOVERY:

## THE INDUSTRY SETS A REVENUE BENCHMARK HIGH

By Molly Rogers, Editor-in-Chief

The vending and micro market industry climbs 20% in total revenue, surpassing pre-pandemic mark.

CHART 1A:  
Industry revenue in billions



CHART 1B:  
Micro market 2-year review

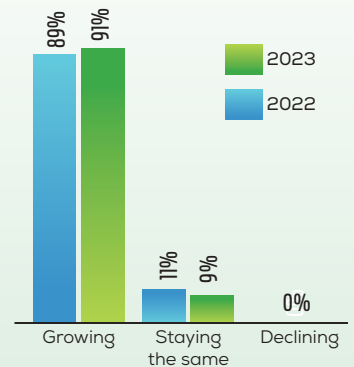


CHART 2:  
Operator sales

SIZE	REVENUE RANGE	% OF 2023 OPERATORS	PROJECTED 2023 SALES	% OF 2023 SALES
Small	under \$1M	55%	\$1.39B	5.30%
Medium	\$1M - \$4.9M	26%	\$5.00B	19.20%
Large	\$5M - \$9.9M	11%	\$6.90B	26.50%
Extra large	\$10M +	8%	\$12.75B	49.00%

**49%**  
of the industry's revenue  
is made up of 8%  
of the businesses.

**F**OR THE CONVENIENCE services industry, a long-awaited full recovery from the pandemic has finally been reached, and operators are feeling some relief after vending and workplace refreshments took its biggest hit in 2020. Since then, it has been a slow, steady pace of recovery. In 2022, revenue was almost 89% of 2019's benchmark high of \$24.20 billion. In 2023, vending and micro market sales climbed 20% – from \$21.7 billion to \$26.04 billion, surpassing 2019's revenue.

Many operators said they experienced growth of locations due to workers returning to the office, as well as revenue gains from new accounts, increasing prices, adding new services for existing customers, increasing higher quality products and implementing new equipment and technology – while dealing with the current challenges of inflation, labor shortages and shrinkage.



### NEW OPERATORS AND GROWTH OF VENDING

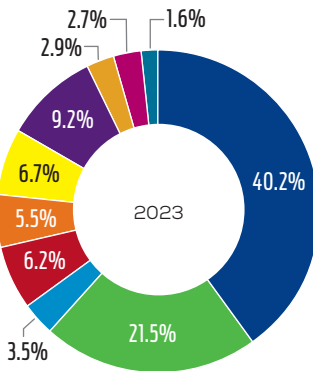
The convenience services industry is also witnessing an influx of new vending operators, helping the growth of vending machines in 2023. Vending also increased in blue-collar locations, which can be attributed to the historically low unemployment rate for manufacturing jobs in the U.S. Operators had an estimated 2.2 million vending machines on location, an increase of 7% from 2022.

### MICRO MARKET LOCATIONS SOAR IN 2023

The growth of micro markets and the conversion from vending has contributed to the number of micro

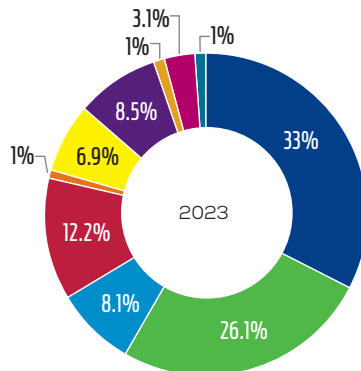
**CHART 3A: Machines by location**

- Manufacturing
- Offices
- Retail sites
- Hotels/motels
- Elementary, middle, high schools
- Hospitals, nursing homes
- Universities, colleges
- Correctional facilities
- Military bases
- Restaurants, bars, clubs



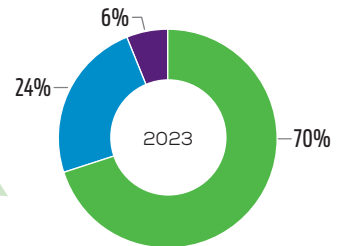
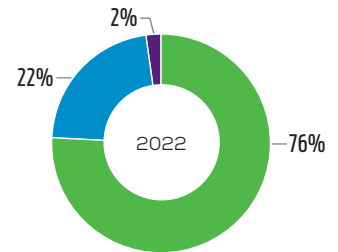
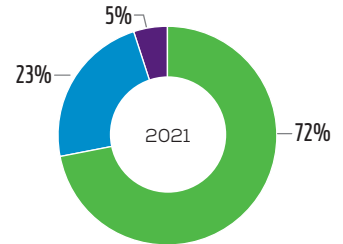
**CHART 3C: Micro markets by location**

- Manufacturing
- Offices
- Retail sites
- Hotels/motels
- Elementary, middle, high schools
- Hospitals, nursing homes
- Universities, colleges
- Correctional facilities
- Military bases
- Restaurants, bars, clubs



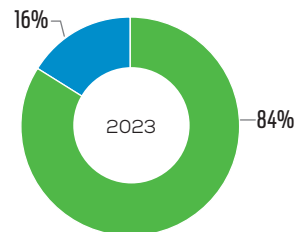
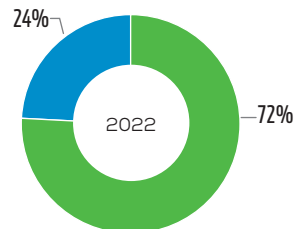
**CHART 3B: Number of locations served**

- Increased
- Remained the same
- Decreased



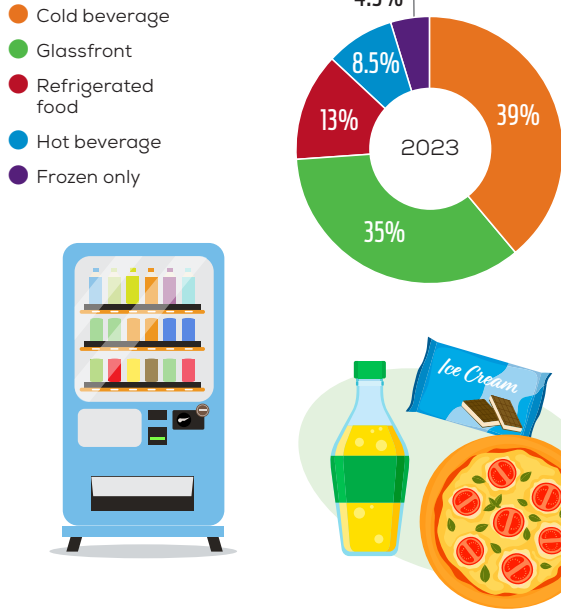
**CHART 3D: Number of micro market locations served**

- Increased
- Remained the same



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**CHART 4A:**  
Percentage of each type that makes up placed vending machines



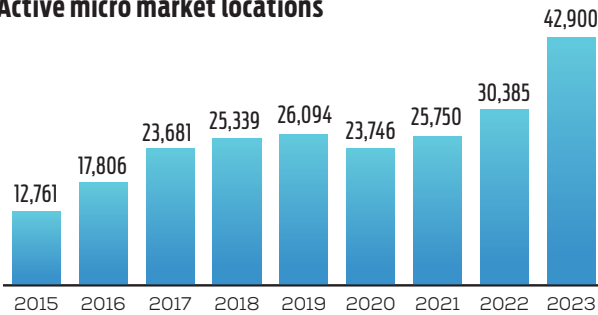
**CHART 4D:**  
Average shrinkage rate in micro markets, as a %

	2020	2021	2022	2023
0%	5.2%	0.5%	2.0%	3.0%
1%	0.5	6.5	7.0	8.0
2%	5.3	8.5	8.0	9.0
3%	37.0	15.0	22.0	23.0
4%	21.0	31.0	30.0	28.0
5%	10.4	15.0	13.0	14.0
6%	5.2	15.0	11.0	10.0
>7%	10.5	7.5	6.0	5.0
I don't know	4.9	1.0	1.0	0.0

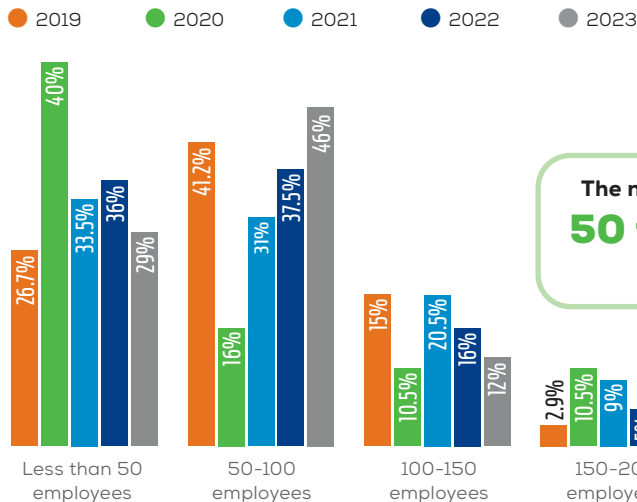
**CHART 4E:**  
Most common loss prevention techniques, as a %

	2021	2022	2023
Regular market inventory	69%	67%	64%
Hired loss prevention employee	23	16	28
Working with a loss-prevention consultant	7	11	16
Screens showing canceled orders	84	75	68
Signage about theft in micro market area	62	60	56
Camera feed displayed above kiosk	61	55	60

**CHART 4B:**  
Active micro market locations



**CHART 4C:**  
Smallest location where a micro market is currently placed



**Estimated total vending machines**

**2,084,500**  
in 2018

**1,971,600**  
in 2021

**2,175,756**  
in 2019

**2,059,612**  
in 2022

**1,740,604**  
in 2020

**2,203,784**  
in 2023

The number of micro markets placed in locations with **50 to 100 or fewer employees** had the highest increase in 2023.

# 24%

of operators said they acquired business in 2023.

# 7%

said they divested part of their business.

market locations for 2023 – up to 42,900 from 30,386 the previous year – a 41% increase. Operators reported that micro market sales increased due to adding new business, improved product offerings, use of technology and more workers returning to offices. New technology has also helped operators gain better operational efficiency.

Office locations made up 26.1%, and manufacturing made up 33%. Micro market locations at hotel/motels, hospitals and universities all increased in 2023. Manufacturing and office locations combined continue to represent more than half of the convenience services demographic.

2023 also showed an 8.5% increase in the number of micro markets placed in locations with 50 to 100 employees.

### ALL CATEGORIES UP

Product categories showed another year of improvement in 2023. Combined vending machine and micro market revenue gains were:

- Healthy items (including plant-based) up 21%.
- Food (sandwiches, salads, entrées) up 40%.
- Snacks (salted, bars, mixes, etc.) up 17%.
- Packaged cold drinks up 30%.
- Candy (chocolate and non-chocolate) up 16%.
- Confections (pastries, cookies, etc.) up 14%.
- Ice cream up 12%.
- Frozen food/meals up 10%.
- Hot drinks (vended coffee, tea, cocoa, etc.) up 28%.

Packaged cold beverages continued to hold the highest rank among the convenience product categories last year,

# 68%

of survey participants said 90%-100% of their machines were equipped to accept cashless payments in 2023.

# 91%

of survey participants said cashless payment technology is a great investment.

CHART 5A: Technology rankings, averaged

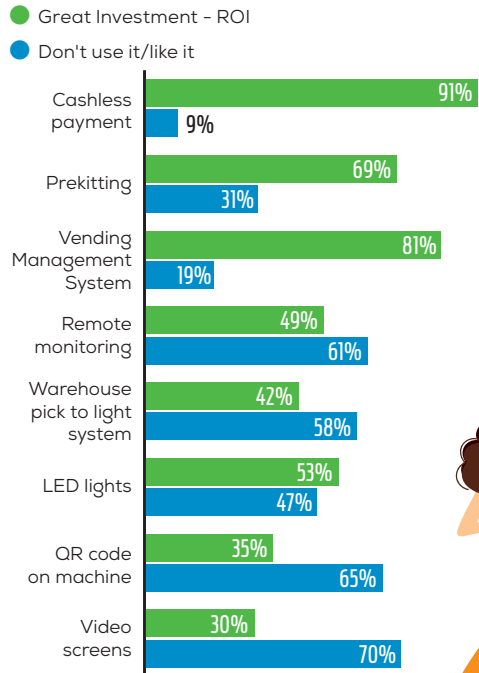


CHART 5B: Vending data collection trends

- Telemeter or cashless device remotely/using the cloud
- Manual process (such as paper and pencil) on location
- Handheld device on location
- Smartphone or tablet (Apple or Android) on location

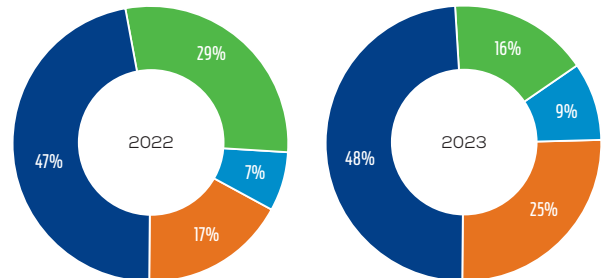
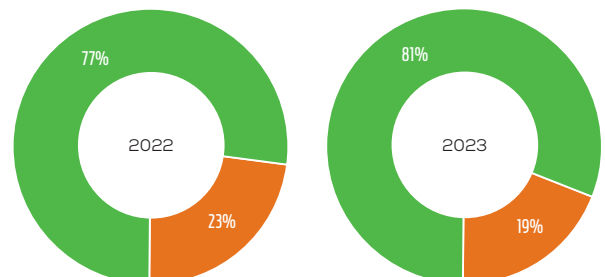
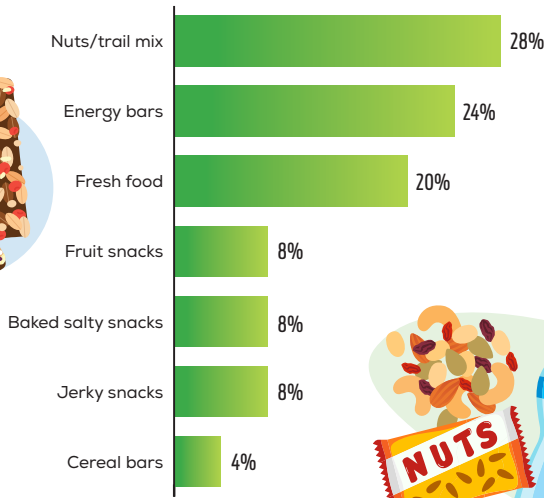


CHART 5C: Vending management systems

- Use a VMS
- Don't use a VMS



**CHART 6:**  
**Best-selling better-for-you products in micro markets**



generating 20% of revenue, or \$5.3 billion. Combined vending and micro market sales for snacks, confections and candy generated \$8.14 billion, the largest market share of convenience services.

Ice cream, frozen products and hot drinks also saw an increase in 2023.

**BETTER-FOR-YOU, HEALTHY AND FRESH FOOD OPTIONS**

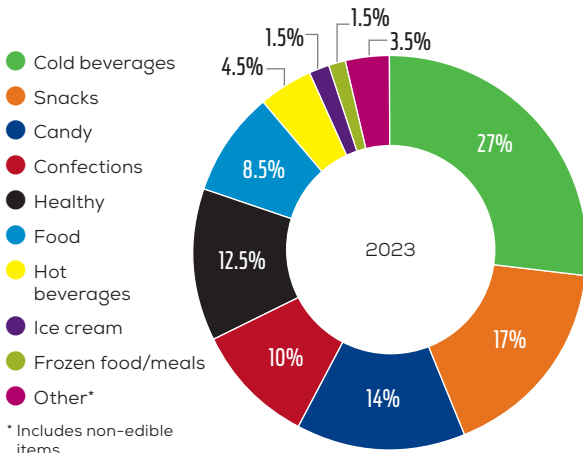
For the healthy product category including plant-based products, sales in the combined vended and micro market segment increased to \$2.4 billion. For the food product category, combined vended and micro market sales increased to \$2.45 billion. Frozen food/meals combined sales for vending and micro market were \$0.3 billion in 2023.

Operators said that their ability to offer a wide range of better-for-you snacks, high-quality fresh food and healthy options have helped increase their overall sales. When asked what is their best-selling better-for-you product in micro markets, 28% of respondents said nuts/trail mix, 24% said energy bars, 20% said fresh food, followed by fruit snacks, baked salty snacks and jerky snacks (8%), and cereal bars (4%). Nearly 95% of operators said they offer healthy products in their vending machines and micro markets.

**OPERATION SNAPSHOT**

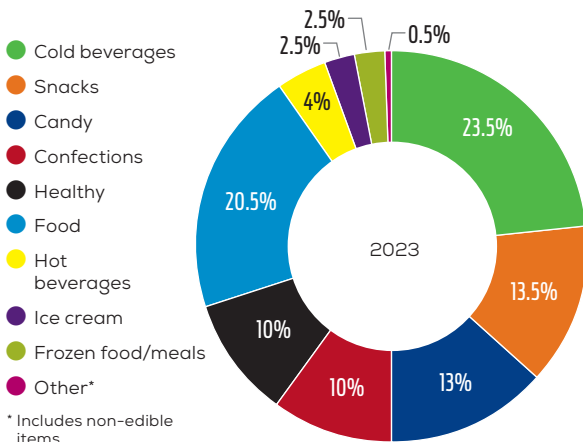
Most of this year's survey participants defined their businesses as full-line operations providing vending machines, micro markets and office coffee service. About 9% were traditional full-line vending operations without

**CHART 7A:**  
**Vended share of sales by product category**



\* Includes non-edible items

**CHART 7B:**  
**Micro market share of sales by product category**



\* Includes non-edible items

**CHART 7C:**  
**Share of sales by service category, combined services**

	2021	2022	2023
Vending	48.0%	59.0%	56.2%
Micro markets	18.5	20.0	22.6
OCS	11.0	9.1	9.1
Water service	2.5	2.0	2.0
Other	6.5	1.3	1.3
Pantry service	4.5	2.0	2.2
Bulk vending	2.5	0.4	0.4
Manual foodservice	1.5	3.2	3.3
Music	1.0	1.0	0.9
Games	1.0	1.1	1.1
Janitorial supplies	3.0	0.9	0.9

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**CHART 8:**  
**Projected sales by category, in billions**

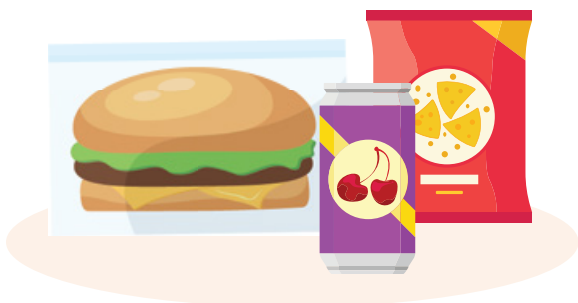
VENDING PRODUCTS	2023	MICRO MARKET PRODUCTS	2023	SERVICES	2023	% CHANGE
Vended cold beverages	\$3.95 (B)	Micro market cold beverages	\$1.38 (B)	Vending	\$14.63 (B)	11.3%
Vended snacks	2.49	Micro market snacks	0.80	Micro markets	5.89	43.5
Vended candy	2.05	Micro market candy	0.77	OCS	2.37	31.6
Vended confections	1.46	Micro market confections	0.59	Water service	0.52	15.7
Vended healthy	1.83	Micro market healthy	0.59	Other	0.34	12.8
Vended food	1.24	Micro market food	1.21	Pantry service	0.57	27.3
Vended hot beverages	0.66	Micro market hot beverages	0.24	Bulk	0.10	15.7
Vended ice cream	0.22	Micro market ice cream	0.15	Manual food	0.86	22.8
Vended frozen food/meals	0.22	Micro market frozen food/meals	0.15	Music	0.23	17.2
Vended other	0.51	Micro market other	0.03	Games	0.29	14.6
				Janitorial supplies	0.23	17.2

micro markets, while about 7% operate micro markets only. About 6% said they were bottlers. Most of this year’s survey participants (55%) said they operated between one and 10 routes, 25% operated 11-20 routes, 10% operated 21 to 50 routes, and 10% operated over 50 routes.

About 91% of operators said the number of micro market locations they served increased in 2023, and 70% of combined vending and micro market operators said that the number of locations they served increased in 2023.

### TECHNOLOGY PLAYS A KEY ROLE

Operators continue to streamline their business with the use of technology, contributing to the growth of their 2023 revenue. The number of operators who use a vending management system (VMS) increased from 77% last year to 81% in 2023.



Images: HCovid/Shutterstock.com

### Methodology

Data in Automatic Merchandiser’s State of the Industry report are compiled from a survey sent to operators in the spring. It collects responses from vending and micro market providers, as well as snack and soda operations. The State of the Industry report looks at performance results in major product categories.

A large jump in operators said they use cashless payment devices (91%), up from 80% in 2022. About 68% of survey participants said 90% to 100% of their machines were equipped to accept cashless payments in 2023. About 69% said prekitting is also a great investment, followed by LED lights (53%), remote monitoring (49%), warehouse pick-to-light system (42%), QR codes on machines (35%) and video screens (30%).

### CONCLUSION

Most vending and micro market operators are optimistic that the industry will continue to thrive – even during ever-changing market conditions and workplace environments. Embracing new technology, products and solutions that help meet customers’ demands will contribute to the further growth of the convenience services industry. ■