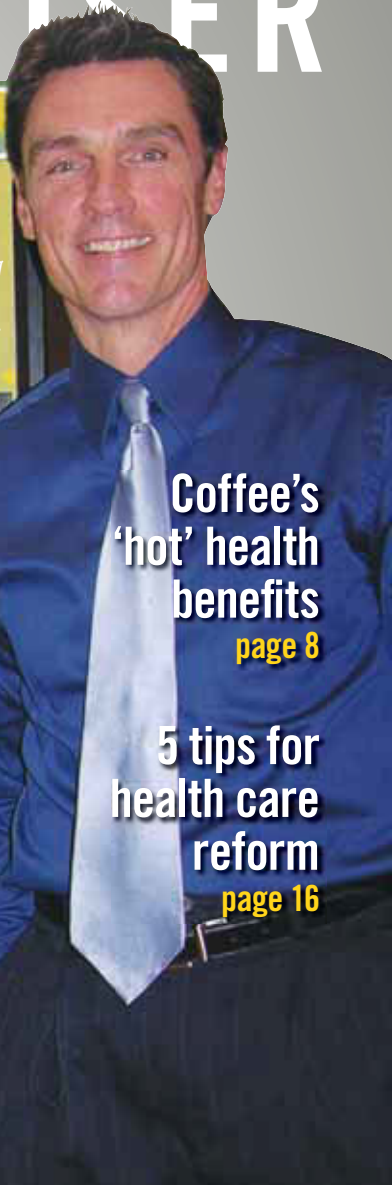


# Automatic MERCHANDISER

The Vending & Coffee  
Service Industry



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is all about  
presentation.*

**SUCCESS STORY:**

## How a marketing focus lands Illinois vendor big growth

Hometown Suburban/Tri-City Vending & Foodservice gains new clients using the old "feet on the street" approach and innovative marketing strategies.

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

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# The driver's role changes, but remains critical



By Elliot Maras, Editor

**F**rom the days when vending machines first appeared in cafeterias, the route driver has played a key role in the success of the vending company. The driver established the relationship with the customer and represented the service provider to the account. It was the driver who made sure the customers got what they wanted, made change, provided refunds, and kept the machines clean, filled and working.

The driver, in essence, was the vending company's back bone. A good driver was more than worth his or her weight in gold.

## TECHNOLOGY CHANGES THINGS

But as technology has created new efficiencies, everything about the vending operation is changing. Including that seemingly unchanging truth.

When DEX technology first came on the scene, it was hard to say exactly how things were going to change.

In the beginning, only a small number of operators were committed to DEX. Given the problems these early adapters faced, there was even uncertainty whether the new tools were going to survive.

Today, the hard part is over, and it's safe to say that DEX is here to stay. Every employee is affected. So much, we cannot help but acknowl-

edge vending is being "reinvented," as explained in our article on page 20.

The question of how this affects the route driver is particularly important because many operators have a hard time changing how they view that key position.

## DECISION MAKING CHANGES

Pre-kitting routes and dynamic scheduling are two of the most significant improvements that DEX technology offers. In using these tools, the task of selecting what goes on the trucks moves from the driver to the office. There is no getting around the fact that the driver no longer has the same amount of control over what goes in the machines.

Some say the driver has more time to be a goodwill ambassador to the customer. Others think the driver should focus on cleaning machines and maintaining the condition of the break area.

Still others think the driver should focus on executing his deliveries and leave the goodwill to dedicated client relations specialists. In delivering orders based on machine par levels, the driver must follow instructions accurately and pay attention to what they are doing.

The driver may not be the company's back bone

any more. But he or she does remain the company's goodwill ambassador.

Client relations specialists make sense for many companies, but they do not visit the accounts as regularly as the route person, and they don't have the same opportunity to interact with the people at the account. The client relations specialist focuses more on the decision maker than the end user.

How the driver represents the company to the customer remains as important as ever. And given the fact that deliveries are less frequent with dynamic scheduling, the driver takes on even more importance.

## VENDING NEEDS A HUMAN FACE

Human communication skills make all the difference in the world to customers.

The need for human interaction is especially important for a service where the customer primarily interacts with machines and not people.

Technology has created new and better ways of operating a vending business. It should be used to empower an operation's efforts to provide a rewarding customer experience. That experience will still require the physical presence of a human being. | ◀

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## Obama signs \$4.5 billion child nutrition bill

**P**resident Obama signed the Healthy, Hunger-Free Kids Act into law, a \$4.5 billion measure which will expand the number of children in school lunch programs by 115,000, increase the reimbursement rate to school districts for meals, and improve the nutrition content of food available outside the cafeteria, such as in vending machines. The Department of Agriculture (USDA) will be required to update the national nutritional standards of all food sold on school grounds with limited exemptions for school fundraisers. These standards will be science-based and consistent with the most recent Dietary Guidelines for Americans.



The bill would give USDA one year to release proposed regulations, and it will require that final regulations be effective within two years of promulgation.

The National Automatic Merchandising Association supports the measure, noted Ned Monroe, senior vice president of government affairs. "This will be valuable for vending operators and product manufacturers who can then plan for and expect one national standard rather than a patchwork of state and local nutritional guidelines," Monroe said. "It's also very good news in that the bill does not ban vending machines from school grounds, as some activists occasionally recommend."

### Senate passes coin modernization act

► The U.S. Senate recently voted to pass H.R. 6162, a measure to allow research authority for alternative coinage materials, a bill supported by the **National Automatic Merchandising Association (NAMA)**. The legislation allows the Secretary of the Treasury to research and develop alternative coinage material. However, the Secretary must consult vending machine and coin acceptor manufacturers, and "may not include any recommendation

for new specifications for producing a circulating coin that would require any significant change to coin-accepting and coin-handling equipment to accommodate changes to all circulating coins simultaneously," according to a NAMA legislative bulletin. In addition, according to the legislation no recommended changes can economically impact the vending industry.

NAMA helped provide language for the bill, and NAMA Chairman Craig Hesch testified before Congress in July regarding potential alloy change in coins.

### New Zealand ends VTL investigation

► The Serious Fraud Office in New Zealand announced that it had closed its investigation into **Vending Technologies Ltd. (VTL)**, the parent company of failed **Nathans Finance**, claiming it was unable to secure sufficient evidence to enable it to lay charges against the group's directors or management, according to news reports. VTL also operated a vending business in the U.S., which has since been sold to different companies.

### Kraft, Starbucks argue over distribution pact

► **Kraft Foods Inc.** recently sought a preliminary injunction against **Starbucks Coffee Co.**, claiming the coffee company violated terms of a distribution agreement. Starbucks, in response, claimed it has repeatedly said it has terminated its agreement with Kraft and continues to look forward to assuming full responsibility for the sales and distribution of its packaged coffee products as of March 1, 2011.

### Performance Food Group buys Ledyard

► **Performance Food Group**, which owns **Vistar Corp.**, has acquired **Ledyard Co.**, a broadline foodservice distribution company in Santa Cruz, Calif. Ledyard Co. provides a complete line of frozen and refrigerated foods, produce and dairy, grocery, janitorial and chemical products, smallwares and tabletop items and employs approximately 100 associates.

Ledyard will become one of the Performance Food Group broadline distribution operating companies, and will be referred to as "Performance Foodservice – Ledyard."

### PepsiCo invests in coconut water firm

► **PepsiCo, Inc.** has increased its investment in **O.N.E.**, a coconut water company, thereby acquiring a majority stake in the company.

The terms of the transaction were not disclosed. This represents a second round of investment in O.N.E. by PepsiCo and **Catterton Partners**, a private equity firm.

## Danone to buy YoCream

▶ **Danone**, the world's biggest yogurt maker, agreed to buy **YoCream International Inc.**, a U.S. producer of frozen yogurt, for \$103 million, adding distribution networks for restaurants and convenience stores, according to news reports.

## General Mills to buy yogurt maker

▶ **General Mills Inc.** will purchase the **Mountain High Yoghurt** business and brand from **Dean Foods Co.**, according to [www.foodbev.com](http://www.foodbev.com). Mountain High will become part of General Mills' Yoplait U.S. division.

## Apriva announces rate incentives

▶ **Apriva**, a provider of end-to-end wireless transactions and secure information solutions, announced that, in conjunction with its distribution partners, it is providing rate incentives to vending operators throughout the U.S. This program offers operators a number of financial incentives to implement cashless vending into their operations. Apriva Vend incorpo-

rates system hardware and software, wireless connectivity, transaction and alarm reporting capabilities, and integration with leading payment processors and financial institutions.

## Hershey sues Mars over packaging

▶ The **Hershey Co.** sued **Mars Inc.** in federal district court, accusing the company of mimicking some of its packaging, according to news reports.

## Marlowe's buys Ohio OCS operation

▶ **Marlowe's Coffee Services**, Youngstown, Ohio, purchased **Pure & Simple Coffee Systems Inc.** in Columbiana, Ohio according to *The Business Journal* in Youngstown, Ohio.

## Investor group agrees to buy Del Monte Foods

▶ An investor group led by **Kohlberg Kravis Roberts & Co.** agreed to buy **Del Monte Foods Co.** for \$19 per share, according to *The Seattle Times* in Seattle, Wash. The group will also assume \$1.3 billion in debt.

## People in the News

### G&J Marketing tabs industry veterans for national brokerage

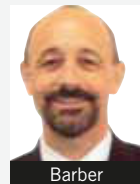
**G&J Marketing and Sales**, the Palm Harbor, Fla.-based vend product brokerage, hired vending veterans **Daryl Thomas** from **Pierre Foods Inc.**, **Marty Mirt** from **PepsiCo Inc.**, and **James Barber** from **Classic Food Service** as part of a national vend product brokerage. **G&J** also promoted **Mike Craig** from sales rep to Southeast regional manager.



Thomas



Mirt



Barber



Craig

### Wilbur Curtis promotes Schneider, tabs Rockline's Contaxis

**Wilbur Curtis Co.** named **Dan Schneider** as the vice president of national accounts and **Ron Contaxis** as regional vice president of sales. **Schneider** was vice president of sales for the northern region. **Contaxis** comes from **Rockline Industries**.



Schneider



Contaxis

### Changer Services names Nix and Shelton as sales managers

**Changer Services Inc.** named **Bill Nix** and **Tim Shelton** to sales positions. **Nix** has been appointed sales manager for the Upper Midwest. **Shelton** has been named South Central regional sales manager.

## BONUS CONTENT on VendingMarketWatch.com

### Vending MARKETWATCH.COM

▶ **READERS POST COMMENTS** and responses on a variety of topics appearing on **VendingMarketWatch.com** and **Automatic Merchandiser Magazine**.

### blog VENDINGMARKETWATCH

▶ **A LOOK TO THE FUTURE:** Retailers find technology indispensable, presenting a new set of challenges.

▶ **TECHNOLOGY CHANGES JOB ROLES** and requires a 'champion.'

### buyer's guide VENDINGMARKETWATCH

▶ **EASY-TO-SEARCH** directory of products, equipment and services for the vending, onsite foodservice, and coffee service industries.

# Coffee's Hot Health Facts

By Emily Refermat, Managing Editor

**Recent research is countering old beliefs that coffee has negative effects on health. Research indicates enjoying a cup or two can decrease the risks of heart attack, diabetes, and mental illness.**



**C**offee is one of the most popular refreshments. It also appears to offer better health for regular drinkers, at least in moderation.

Myths and old research about coffee leaves consumers with concerns about how it's affecting their bodies. It's thought to raise blood pressure, cause dehydration, increase the risks for heart disease, and cause cancer. Some of these negative health consequences come from an unusually high intake of coffee or caffeine. But for the past several years, research has consistently credited moder-

ate coffee intake with reducing the risk of heart disease, brain cancer, Alzheimer's disease and other conditions. Most researchers pointed out their findings are based on observations and questionnaires, which makes it difficult to pinpoint if it's the coffee itself, or something about coffee drinkers, that's leading to the results. However, most agree drinking a cup of coffee in the morning isn't having negative effects on health.

Following is a sample of the latest published research on the health benefits of coffee. When recount-

ing any health facts, it's important operators give the source. With that in mind, there is an easy 1-page take-away sheet at the end of this article for operators to place in customer break rooms.

## DISPELLING COFFEE MYTHS

A *New York Times* article in 2008 examined many coffee myths, such as its link to dehydration. According to the Center For Science In The Public Interests' Nutrition Action Healthletter, while the caffeine in coffee can be a diuretic (making

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a person have to go the bathroom more than they normally would), a review of 17 studies shows drinking less than 550 mg a day (the amount in roughly three cups of coffee) produces no more urine than drinking non-caffeinated beverages. Only in studies of above 575 mg does caffeine become a diuretic.

The same health letter disputes the myth of coffee causing high blood pressure and heart disease. According to a study following more than 150,000 women for 10 years, caffeine can spike blood pressure for a while, but when coffee is ingested in typical doses, there's no link to prolonged high blood pressure. There's little evidence that daily coffee increases the risk of heart disease or abnormal heart rhythms as well. In fact, reviews done in 2010 report moderate coffee reduces these risks.

#### COFFEE HELPS THE HEART

Cardiovascular disease affects more than 80 million people, according to the American Heart Association's 2010 update. It's a big issue, and while drinking coffee won't fix the problem, a Dutch research team from the University Medical Center in Utrecht suggests it might lower the risks. *Health Day News* reported

## America's favorite morning refreshment isn't harming people's health.

the study, which followed more than 37,000 Netherlands residents, and found those who had two to four cups of coffee daily had a 20 percent lower risk of heart disease compared to people who drank less than two or more than four. Tea's performance was even stronger (six cups daily reduces the risk by 36 percent).

#### LOWERS DIABETES

Diabetes is less likely among coffee drinkers, according to *WebMD*. It reported on a 2005 Harvard School of Public Health study review, which showed a 35 percent decrease in Type 2 diabetes for people who drank six to seven cups of coffee a day, and a 28 percent decrease for those drinking only four to six cups. More recent Australian research found the risk of Type 2 diabetes dropped 7 percent for every additional cup of coffee ingested daily.

Researchers believe these lower risks might be due to the natural antioxidants in coffee. Antioxidants stop damage from free radicals, a natural

byproduct of the body using oxygen. Antioxidants also are found in other foods, such as chocolate, and are being used to promote health benefits.

The study results could also be due to coffee's natural mineral content, which helps the body use insulin (a major factor in diabetes). Since the studies are observational, there is no way to determine exactly what is lowering people's risks for developing these conditions.

Coffee is also linked to reduced stroke risk. In a 2009 study of nurses, those who reported drinking two or more cups a day showed a 20 percent decrease in risk of stroke, regardless of high blood pressure, high cholesterol levels, or having Type 2 diabetes.

#### IMPACT ON MENTAL ILLNESS RISK

Dementia and Alzheimer's are other diseases coffee seems to have an effect on, reports the same *WebMD* article. A 20-year study, from Finland and Sweden, showed men and women who drank three to five cups

### Caffeine raises energy; varies per cup

Caffeine occurs naturally in coffee beans and is a stimulant. Drinking it in coffee helps people wake up and get focused, mainly by getting the body to produce the chemical epinephrine (adrenaline), which raises the heart rate and blood pressure, dilates the pupils, and produces energy, etc.

According to the American Beverage Association, the amount of caffeine in coffee varies depending on the coffee bean type, geography and harvest, as well as the method of brewing. It reports a 16-ounce cup of coffeehouse coffee can have 320 mg of caffeine.

While there are conflicting reports on a serving size of



coffee and the amount of caffeine in the cups vary, a cup is considered less than 8 ounces and has around 100 mg worth of caffeine.

Center for Science in the Public Interest caffeine counts are online at [www.cspinet.org/new/cafchart.htm](http://www.cspinet.org/new/cafchart.htm).

daily were 65 percent less likely to develop the diseases compared to non-drinkers and occasional drinkers.

#### CAFFEINE DURING PREGNANCY

One of the most well known pregnancy “don’ts” was drinking caffeine. Pregnant women were told to drink decaf or risk losing their babies. However, the American College of Obstetricians and Gynecologists rescinded that recommendation in July of 2010. The ACOG announced there is no link between moderate caffeine consumption and miscarriage. Moderate caffeine consumption is defined as 200 mg of coffee. The group says it remains unclear whether drinking more caffeine has any adverse effects or not.

#### HOST OF NEW RESEARCH

Studies appear weekly confirming coffee’s positive place in the diet, such as Nestle’s research on instant coffee. Research indicates three cups of instant coffee increases the Bifidobacterium Spp. bacteria in the human digestive system. This bacteria has reputed health benefits similar to probiotics, although no health claims are yet being made.

A 2007 study, in the Cochrane Database of Systematic Reviews, reported in the *New York Times*, concluded coffee could ease asthma symptoms for a short time. The chemical structure of caffeine is similar to an asthma medication, which prompted the research.

While 30 years ago a study linked coffee to pancreatic cancer, sending a scare through coffee drinkers everywhere, it’s now been refuted. The latest research indicates coffee keeps people from getting certain cancers.

In a study led by Dominique S. Michaud about coffee and tea intake, the risk of brain tumors was lowered

### NAMA fights against negative caffeine labels

**In October 2010, the National Automatic Merchandising Association announced at its CoffeeShow that caffeine was under government scrutiny. Ned Monroe, senior government affairs director at NAMA, said the concerns were mainly a result of energy drinks, but are alarming, such as California’s attempts to list caffeine as a carcinogen. This would likely affect coffee sales.**

for those who drank more than 100 ml of caffeine a day (approximately half a cup of coffee). The risk dropped 34

percent for the brain cancer glioma, a specific type of brain cancer affecting the central nervous system.

The American Association for Cancer Research released a press release that coffee protects from head and neck cancers. An International Head and Neck Cancer Epidemiology consortium study showed people who drank four or more cups a day had a 39 percent decreased risk of oral cavity and pharynx cancers combined over nondrinkers.

Reports indicate health benefits linked to coffee are seen in people who drink it in moderation, somewhere between two to six cups daily. It should come as a relief that enjoying some of America’s favorite morning refreshments isn’t harming people’s health. Instead, research shows it is doing some good in helping them live a healthier lifestyle. | ◀

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# To Your Health: Coffee

## 5 FACTS TO HELP YOU ENJOY YOUR COFFEE A LITTLE MORE

### Help prevent heart disease and diabetes

Two to four cups of coffee daily has been shown to reduce risks of heart disease, the leading killer in America, by 20 percent. And drinking two to six cups of either regular or decaf coffee reduces the risk for Type 2 diabetes, a contributor to heart problems and stroke, by 7 to 35 percent, respectively.

– University Medical Center in Utrecht Study, reported by Health Day and Harvard School of Public Health Study, WebMD

### Stay sharp

Caffeine produces adrenaline in the body, accounting for the increase in energy and focus. Also, its moderate consumption is linked to decreases in Alzheimer's disease and dementia by 65 percent.

– Finnish/Swedish Coffee Consumption and Risk of Type 2 Diabetes Study, reported by WebMD

### Low calorie beverage

Coffee isn't generally considered a diet drink, but it has few calories. A typical 6-ounce cup has only seven calories. And the caffeine increases metabolism, helping burn more calories. Just beware of additives like cream, flavorings and sweeteners. Find out how many calories you're adding to your coffee at the U.S. Department of Agriculture's new Foodapedia Website, [www.myfoodapedia.gov](http://www.myfoodapedia.gov).

### Coffee okay during pregnancy

The American College of Obstetrics and Gynecologists reports no link between moderate caffeine consumption and miscarriage.

Pregnant women can still safely enjoy 200 mg of caffeine daily, or roughly 12 ounces of coffee.



### Battle brain cancer

International researchers concluded moderate drinking of coffee correlated to a 34 percent decrease in getting glioma or brain cancer affecting the central nervous system. Additional research shows coffee protects from head and neck cancers too.

– European Prospective Investigation into Cancer and Nutrition (EPIC) cohort study led by Dominique S Michaud; International Head and Neck Cancer Epidemiology consortium study, American Association Of Cancer Research

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\* White Castle Twin Cheeseburger is ranked #1 in frozen food sales according to "State of the Vending Industry Report," *Automatic Merchandiser*, August 2009



# Best practices for a delivery sales rep

**A** delivery salesperson is often expected to make decisions that affect the account and company. Following is a best practices summary for the delivery sales representative.

Being personable is a big part of the job. It is also important to do things right the first time. This involves ordering product correctly, maintaining the equipment, cleaning the break area, knowing what products the company carries, reporting service issues, and taking initiative to repair or trouble shoot minor equipment malfunctions.

## CUSTOMER SERVICE CHECKLIST

Following are some pointers for good customer service.

- **Be personable.** A rep's body language should not be robotic. Avoid clenching teeth or placing hands on hips or across the chest. Refrain from reciting company policy when asked questions. Instead, express empathy with phrases like, "I understand your concern." When asked for a new product, focus on what can be done, not what can't.
- **Follow through on requests.** If a request can't be honored, let the customer know right away and offer an alternative product. Apologize and consider a goodwill offering like a free beverage.
- **Recognize people and be appreciative.** When people approach a sales rep, they should be greeted warmly, regardless of how busy the rep is. Make eye

contact and smile. Treat everyone as if they were the CEO. Remember, not everyone at the account wants to be a friend. For these people, show extra respect. Be accessible to everyone who wants to talk.

- **Listen to complaints.** No one wants to hear they have done a bad job. But in a service business, the service provider must hear from customers when they are dissatisfied. That is one of the responsibilities of a delivery professional. Welcome input, even if it is in the form of a complaint. It will allow problems to be corrected and avoided in the future. Remember, if a sales rep doesn't hear the complaint, their supervisor will or, worse yet, the competitor will. Nod and agree when listening to a complaint. Never argue or attempt to discredit the comments or blame someone else. Take responsibility for the problem, even if it is not entirely your fault, and try to resolve it.



- **Seek solutions.** When hearing a request from a customer, write it down and promise to try to satisfy them. Too often, service professionals fear customers will ask unreasonable requests when in actuality, most requests are manageable. In many cases, the customer wants the service provider to recognize a problem. Look at every request as an opportunity to serve the customer.
- **Be attentive to upset people.** When someone is upset, the best thing a service professional can do is assume direct responsibility for their problem. When something goes amiss, nod, apologize (regardless of fault) and then fix the problem. Apologies are easy and people appreciate sincerity. Everybody has a bad day, and if someone loses their temper, forgive them. Go out of the way to make them feel good about choosing you as their service provider.
- **Be taken advantage of with a smile.** Never question the customer's integrity. If someone claims to have not received an order, offer to make good on it. Do not show anger. Do not discuss it with the customer's co-workers. You are better off accepting what the customer tells you to be factual. Don't worry about being taken advantage of. As a rule, most people are honest.
- **Treat everyone with respect at all times.** These pointers are sure to make happier customers.



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# Health care reform: Five steps vending operators can take

By Ned Monroe, Contributing Editor



**T**he Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 became law in March of 2010 and are already having dramatic impact on Americans' health care. As these laws are phased in over the coming years, and potentially changed by Congress in the coming months, it may transform how individuals and businesses purchase medical insurance. These health care changes will be felt by all households and businesses over the coming months. But they may impact the vending industry's bottom line in unique ways.

Because of these changes, vending operators face an uncertain future regarding their medical insurance.

There continue to be many unknown impacts on this far reaching bill. For example, according to the Congressional Research Service, it is "impossible" and "currently unknowable" to determine the number of agencies, boards and commissions that will be created under the new federal health care reform law.

The more than 2,000-page legislation will continue to face years of legal challenges, regulatory review and practical implementation in the free market. But as the legislation is studied, rules are written and

the free market starts to operate, vending operators should consider several specific ways this law will impact their businesses.

#### COVERAGE NEEDED BY 2014

The law requires that every individual have personal health care coverage by Jan. 1, 2014. Individuals who don't have health insurance will face a financial penalty. These individuals who need insurance can purchase it through five different types of plans including: state insurance exchanges, employer-sponsored plans, individual insurance plans, grandfathered group plans, and other coverage "recognized by the Secretary of Health and Human Services in coordination with the Secretary of the Treasury."

Of concern to the vending industry should be the federal health care reform law on employer-sponsored plans and grandfathered group plans.

The National Automatic Merchandising Association (NAMA) offers five steps your company should take on employer-sponsored or grandfathered health care plans.

First and no surprise, we recommend that everyone in the vending industry become a member of your association. NAMA has a bipartisan government affairs team working to minimize this new law on your company's bottom line. The smart vending operator will remain a NAMA member so we can keep you informed of changes and keep fighting to protect your company. Non-members may ultimately reap the rewards of NAMA's efforts, but existing members will receive information first and will be the first to respond to changes.

For example, the health care law requires that soon anyone who owns or operates 20 or more vending machines will have to disclose the calorie count of all food and beverages sold in their machines. The

Food and Drug Administration is currently writing the rules on how calorie disclosure will take place. Some argue that a label on the front of the packaging is the solution. Others recommend a calorie label at each spiral or stack. NAMA prefers one menu which lists the calorie counts of all products which might be in a bank of machines.

We know that the new health care law requires calorie labeling. What the FDA will require isn't yet known.

But the members of NAMA have a seat at the table, and will be the first to know in the Spring of 2011 how they must comply with calorie labeling regulations.

#### THRESHOLD: 50 EMPLOYEES

Second, vending companies must be careful when they grow beyond 50 employees. If you have 50 or fewer employees, you may receive tax credits and assistance today. You won't face federal penalties in the future. However, once this aspect

full-time employee (FTE) excluding the first 30 workers ( \$ penalty = Number of FTE – 30 X \$2,000).

Under this scenario, many small businesses with more than 50 employees may debate canceling their insurance package, raising salaries to compensate for lost insurance and paying the above mentioned penalty. These small businesses argue that the penalty is much less than their current health care insurance premiums.

For example, in 2009 the typical small business paid \$4,824 for individual health insurance coverage for an employee. The proposed 2014 penalty for not offering insurance may be \$2,000. So there might be a financial incentive of \$2,824 for a small business to have their team members seek insurance in a state insurance pool rather than to offer coverage as an employee benefit.

This is a legitimate strategic decision for companies to consider. Economists are working to predict what small businesses may do in

**THE health care law requires that soon anyone who owns or operates 20 or more vending machines will have to disclose the calorie count of all food and beverages sold in their machines.**

goes into effect in 2014, if you have more than 50 employees, you face new health care regulations, potential fines and changes. For example, if you have 51 employees and just one on your team uses a state insurance exchange, you will face a penalty of \$3,000 for each employee in the exchange, or \$2,000 for each

this scenario. But before a small business cancels insurance, there are other issues to consider. For example, health insurance premiums are currently tax deductible. So a small business' insurance costs might be lower than it appears. In addition, if a company doesn't offer

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insurance, it may no longer be a competitive employer in a local job market. And obviously, many small businesses are very close to their employees and will want to offer them insurance – regardless of costs. But the bottom line is that employers must be careful when they grow beyond 50 employees.

#### ARE 'GRANDFATHERED' PLANS SAFE?

Another concern facing businesses is how to keep an insurance plan which the company and/or the employees like. Many companies want to keep their existing health insurance and don't want to participate in the plans created in the health care legislation. These existing plans are called "grandfathered group plans." These are group health plans which were in existence on March 23, 2010, the day

the legislation was signed into law by President Obama.

The Patient Protection and Affordable Healthcare Act (PPACA) created a multitude of new requirements for group health plans ranging from the minimum level of benefits that must be provided to dictating which individuals must be offered coverage under a plan. Various provisions of the new law either do not apply at all or have extended compliance deadlines for what it refers to as "grandfathered plans."

If a health plan is "grandfathered," then the new law doesn't impact it. President Obama regularly said that "if you like your health plan, you can keep it." He is correct. However, if your grandfathered health plan has made any "significant changes" such as cost increases to deductibles or co-payment, your plan may have lost its grandfathered status. If this has happened, then the above new regulations, penalties and changes will start to apply.

NAMA's third recommendation is that if your health plan is grand-

fathered, don't make any changes. Don't increase deductibles, increase copays or decrease your coverage.

Plans which were in effect on March 23, 2010 should be safe if only minor changes are adopted. The federal government is currently writing rules on what constitutes significant or minor changes. The Internal Revenue Service, Department of Labor and Department of Health and Human Services jointly issued interim final regulations in mid-November regarding a health plan's status as a grandfathered health plan.

It appears as if your health insurance plan will lose its grandfathered status if changes are made to the plan's coverage that significantly decrease the benefits, greatly increase costs to employees or paid by participants.

What are items which will eliminate your grandfathered status? The following are examples of some items which could cause a change: increasing an employee's portion of all costs from 20 percent to 25 percent, increasing fixed-amount copayments by \$5, decreasing the employer con-

tribution rate by more than 5 percent, or removing benefits. So if you can, try to keep your existing plan by maintaining current benefits.

It might be significantly better than newer proposed health care plans.

#### CONSIDER A WELLNESS PLAN

NAMA's fourth recommendation is to implement a wellness program at your company, and help all your accounts implement a wellness program for their employees. For example, NAMA's Fit Pick and Balanced for Life calorie disclosure and wellness programs should be used at your company and with all your accounts.

The reason for this recommendation is that one cause of increases in health care costs relates to health problems caused by individual behavioral issues. Individual behavior is the single greatest determinant to health status. Obesity, coronary heart disease, diabetes and hypertension are all increasing. Companies that want to lower health care insurance rates will implement wellness programs, tobacco cessation programs, and exercise incentives.

Encouraging employees into a healthier lifestyle will reduce health care costs. According to Barry Arbuckle, president and CEO of MemorialCare Health Systems, "wellness activities can save \$1.49 to \$4.91 for every dollar spent, reduce absences by 30 percent and help recruit, retain and increase employee productivity." There may even be some tax credits or incentives from the government to support wellness programs.

So there are several business benefits to a wellness program, including healthier employees, lower health insurance premiums and potential tax credits.

This legislation also has potential benefits to the public. There are some positive items in the health



## 5 Health care recommendations at a glance

1. Be a member of NAMA.
2. Be aware of penalties taking effect in 2014 if your company has more than 50 employees.
3. Determine if your plan is "grandfathered," and if so, don't change it.
4. Implement a company wellness plan.
5. Consult a professional before making any changes to your current plan.

care law, particularly if you are currently without health insurance, have pre-existing medical conditions, want to keep your younger children insured or if you will adopt a child. There are tax credits available today for small businesses with fewer than 25 employees. Many vending operator employees will benefit from these expanded opportunities. Families with children with pre-existing conditions will be particularly helped. But the rules are complicated, have many exemptions and may take an insurance or tax expert to translate.

#### CONSULT WITH YOUR ADVISORS

Due to these complications in the tax code and the federal legisla-

tion, NAMA's fifth recommendation is that all businesses talk with an insurance agent and your accountant before making any changes to your health care plans.

As the law begins to be implemented there are many unknowns. In addition to votes taken in Congress, new taxes which are going to be implemented, regulations written and lawsuits settled, the free market will also begin to impact the way we use medical insurance.

Republicans in the U.S. House of Representatives are planning on a formal vote to repeal the entire law when the new Congress gets to work this January. They have also publicly pledged to block federal funding for implementation of the law.

#### LEGAL CHALLENGES EXIST

In addition, the courts are currently hearing challenges to the constitutionality of the law. And since there was no "severability clause" in the legislation, if just one legal case is successful, the entire reform measure may be held unconstitutional.

So the impact of health care reform on your business is evolving. Politicians, bureaucrats, courts and health care experts will continue to make changes in this area.

Yet one thing is very clear. Vending companies must focus resources to understand how these new changes will impact their company and employees. But if you follow the above suggestions, your company will be better able to adapt to the coming changes than your competitors. | ◀



#### ABOUT THE AUTHOR

**Ned Monroe, CAE**, is senior vice president of government affairs at the National Automatic Merchandising Association.



# Vending Reinvented

By Elliot Maras, Editor

Technology has delivered new tools for operating a vending company, changing all traditional roles.

The journey has been long and hard. But in recent years, new management tools have arrived and operators are using them with great success. Operating a vending business is changing and will never be the same.

The innovation phase began in the early to mid 1990s. The equipment companies worked together to develop uniform technology standards. Software companies developed reports using DEX data. Operators tested the hardware and software. As a result, computers have empowered managers in new ways and reduced the need for managing by “intuition.”

In interviewing operators nationwide who have automated their route and warehouse operations, one can

conclude that the most significant change vending is undergoing is that automated systems are replacing manual ones. The end result is a more efficient operation and a better level of customer service.

Contrary to the claims of technology opponents, automation does not remove the human element from the process. By fine tuning the product selection and delivery processes, employees must pay more attention to detail than with the previous, more loosely organized methods.

Operators have found that for employees to do their jobs successfully, they need to understand how the processes work.

As with all revolutions, pioneers have led the way. They are in the minority, but their success is irrefutable.

For these pioneers, technology has changed every critical function in a vending operation. The route is the most labor intensive aspect of a vending operation. Hence, new efficiencies have had the greatest measurable impact on that area.

#### **BIGGEST EFFICIENCY: ROUTE MANAGEMENT**

The technology having the greatest impact is machine-generated DEX reporting that allows pre-kitting and dynamic scheduling of routes. DEX data allows operators to schedule machines for service at the most opportune time, improving return on labor. DEX also allows for the most profitable menu of products in the machine, resulting in higher profitability, more satisfied customers, and reduced inventorying costs.

DEX furthermore gives operators greater accountability of just about all aspects of their operations.

Operators who have introduced these tools have found they change almost all aspects of their operations – for the better.

The process of transitioning from the old model to the new one is challenging. Operators introducing technology typically find they must take a few steps backward before moving forward.

For an established company, the most time consuming phase of using DEX to its fullest capacity is making sure the majority of machines are DEX capable. Once that change is made, the company must learn how to use the various reports that DEX enables. This typically requires

changing responsibilities for drivers, managers and administrators.

#### **MANAGEMENT BECOMES EMPOWERED**

“All decision making is done at a much higher level,” said Barton Shaw, vice president of Atlanta Vending in Atlanta, Ga., which now pre-kits its routes using Cantaloupe Systems’ Seed and automated product picking from Innovative Picking Technologies Inc. “I feel we (management) know the account better than the driver.”

The difficulty of the transition varies based on the personalities involved in each individual company.

The observation of Scott Guardino, marketing manager at Paramount Automated Food Services Inc., Pompano Beach, Fla. is revealing: “It (DEX) has made some of the greatest people who have worked for me ‘dinosaurs.’” Conversely, some people he never thought would be productive have emerged as leaders.

Veterans of the transformation unanimously agree that achieving buy-in by employees is critical to realizing technology’s benefits. This calls on management to communicate effectively to employees and to closely monitor their responses.

Joe Cordaro,  
president of  
CRH Cater-

ing Co. in Connellsville, Pa., said in the early stages of introducing the pre-kitting, drivers’ attention gets diverted from focusing on their accounts.

Terry Hovis, a customer success manager at Cantaloupe Systems, said companies often switch drivers to salary during the deployment phase of pre-kitting.

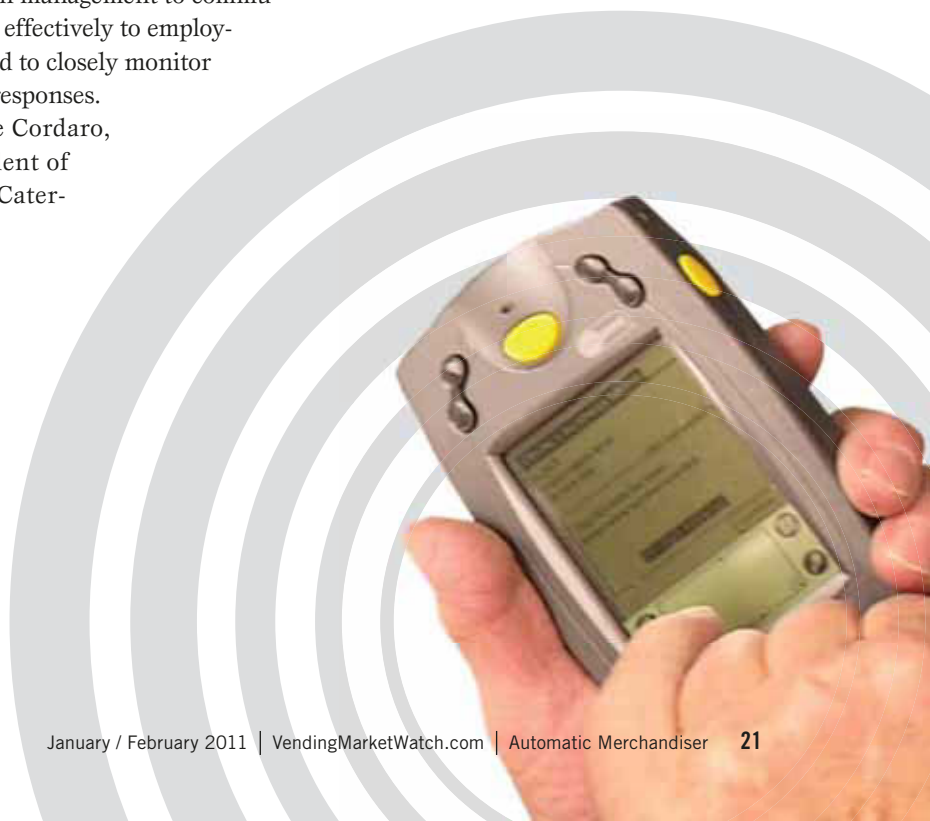
#### **MANAGEMENT MUST LEAD**

“There will be tremendous push back; it’s a complete paradigm shift,” noted Tom Whennen, formerly president of Triple A Services Inc. in Chicago and now a management consultant.

Having overseen his company’s transition to pre-kitting, Whennen observed that automation forces every role in the company to be more customer focused. “Every person in our organization had some alignment with customers,” he said.

The challenge is daunting, but it also creates a new level of enthusiasm. Owners need to be willing to

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make personnel changes when and if necessary.

One operator, for example, met resistance from his warehouse manager when the manager was told to use software generated machine pull reports. The manager resisted the change not because he hated technology; he thought the reports would be used to ultimately replace him.

When the owner realized this was the problem, he was able to explain to the manager that his role was more important than ever. This changed his attitude and allowed the company to pre-kit routes in the warehouse without having to experience a personnel change.

#### AUTOMATION SIMPLIFIES LEARNING

One of the greatest advantages operators realize after automating their route and warehouse operations is industry specific experience is not as important when hiring new employees. The new systems, once mastered, are easier to teach and to learn than the manual ones.

Monumental Vending LLC in Beltsville, Md., which has pre-kitted routes for

12 years using Streamware software, recently hired a chief operating officer with no vending experience, noted Craig Kushner, president. That person has more diverse marketing skills, including an MBA.

#### THE DRIVER REMAINS IMPORTANT

The route driver, while no longer deciding what products to pull from the warehouse, remains important, operators agree. Because pre-kitting and/or dynamic scheduling allow the driver to service more stops, the machine filling and cleaning skills remain important.

The driver's new role is a subject of some dispute. Some operators want to see the drivers acting as customer service reps while at the location. Others believe this role belongs to sales people or dedicated client relations specialists.

"It (the business in general) is not as 'social' as it once was," said Jim Brinton, owner of Evergreen Vending in Seattle, Wash., in observing that the driver is not expected to spend as much time with customers once pre-kitting is in place. While Brinton has attempted to improve customer contact through dedicated customer service reps, he believes that the business nonetheless has become more financially focused.

"We're becoming a different type of company," he said.

Some operators noted that because drivers will service

more stops on a given route, the physical demands are greater.

All operators agreed that driver compensation has to be reviewed after dynamic scheduling is in place. In most cases, commission arrangements were changed. Operators agreed that drivers earn more money with dynamic scheduling.

Operators also agreed that the introduction of DEX reporting on the route improved route accountability, allowing them to weed out dishonest drivers.

Dan Hart, president of Southern Refreshment Services Inc. in Tucker, Ga., takes issue with the view that automation makes the driver's job less mentally challenging. While the driver is not selecting product, he still needs to follow his order sheet and pay close attention to machine fill levels.

A simple fill mistake can undermine the inventory reports, Hart noted, and uncovering such a mistake can require a physical inventory.

While pre-kitting does bring advantages, Hart noted that it is less "forgiving" than the old system, whereby a driver could wait until his next service trip to correct a miscount.

To prevent such problems, Hart focuses heavily on driver training.

#### ROUTE SUPERVISOR ROLE CHANGES

The route supervisor remains important to a company, but there is less need for making site inspections to make sure the right products and prices are in the machines. DEX data enables the operator to manage this in the warehouse.

"It completely changes how you supervise your business," said Joe Cordaro of CRH Catering Co. in Connellsville, Pa., which recently began introducing Cantaloupe's system. "You can actually delegate to people (supervisors) who were (previously) posting sales to monitor inventory. The skills are going



to be completely different than what our industry is used to.”

Stansfield Vending in LaCrosse, Wis. has supervisors spending more time reviewing machine merchandising, noted Janet Stansfield Hess, president. “We have much, much greater merchandising control than we had before,” she said. “They (supervisors) work on getting the route averages up.”

“There’s nothing about my business that’s the same,” added Hess, who claims a 40 percent efficiency gain as a result of remote machine monitoring (RMM). The company uses Cantaloupe’s Seed in conjunction with Validata’s vending management software. “I wouldn’t go back.”



Janet Stansfield Hess of Stansfield Vending in LaCrosse, Wis. says she has greater control of merchandising.



Consultant and former vending operator Tom Whennen says every employee now has some alignment with customers.



Dan Hart of Southern Refreshment Services, Tucker, Ga., claims the new systems require more attention to detail.



Stu Riemann of D&R Canteen in Rochester, Minn., says technology allows a manager to review transactions in 3,000 machines in a few minutes.

#### WAREHOUSE ROLE BECOMES CRITICAL

Once pre-kitting is introduced, the warehouse manager’s role becomes more important. The warehouse assumes the responsibility for filling orders and in many cases also loading trucks. This changes the warehouse manager’s role from overseeing deliveries and keeping the warehouse organized to managing more functions.

The need for oversight in the warehouse is important since mistakes in product counting will have consequences. The warehouse manager is responsible for making sure these errors are minimal.

“There is a finer level of detail they need to manage to,” observed John Davies, president of Vendsys, a vending software provider.

Once product picking becomes automated by means of a “pick to light” system, managing accurate picking becomes easier.

Warehouse inventorying becomes more important since there is less inventorying on the trucks. A properly pre-kitted route returns to the warehouse with no inventory. “You should always have some form of physical reconciliation in inventory,” Vendsys’ Davies said.

Another area of agreement is the role of the route scheduler. What’s not uniform is which traditional position assumes this role, be it supervisor, general manager, operations manager or owner. The scheduling of routes on an as-needed basis becomes one of the most important efficiencies made possible by DEX.

#### MERCHANDISING BECOMES CRITICAL

DEX provides machine-level, line item sales reports which allow operators to identify top selling products with far greater accuracy, and to customize offerings to individual locations. This, however, creates the need for a merchandise manager.

Merchandising requires a dedicated role, notes Terry Hovis, a customer success specialist at Cantaloupe Systems. “Merchandising isn’t just a one time thing,” he said. “There’s always going to be two drink selections out of nine that are specific to the (location’s) demographics.”

All Star Services Inc., Port Huron, Mich., agrees with this assessment, and plans to find someone to focus more on “mining” the data, said Jeff Smith, president. “It (wireless pre-kitting) has affected our entire system,” said Smith,

whose operation uses Cantaloupe’s Seed and is also using Lightspeed’s automated “pick to light” picking in the warehouse. Smith said he is seeking someone with a background in operations software.

Smith noted that one location has five facings of one item, something he never would have thought possible. “We’re placing what the consumer wants,” he said.

Hart of Southern Refreshment Services said product use reports uncover some unusual preferences at certain locations. In one situation, an account manager demanded to see a report because he took issue with some of the facings, and was very impressed by the company’s reporting. “We never had that data before in our lives,” Hart said.

The buyer’s role also takes on new importance since better sales data gives the buyer more negotiating leverage with suppliers. The buyer will also have a better idea which supplier promotions do and don’t benefit the company.

#### SALES ROLE CHANGES

Operators agree the sales person’s role becomes more demanding.

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The sales person must understand the technology and what it means to the customer. This includes not only more efficient service, more customized product offerings, timely notification of machine malfunctions and more detailed sales reports, but a “greener” footprint since delivery trucks are not making unneeded trips.

Less frequent deliveries require companies to pay more attention to customer relations.

Next Generation Vending and Food Service Inc. in Canton, Mass., has metrics for tracking the performance of client relations specialists, noted John Ioannou, president. He noted that this position is not part of the sales position and has become more important as the company has introduced RMM.

#### SERVICE TECH REMAINS IMPORTANT

The service tech’s role expands to include DEX, MDB, data transmitters and, depending on the company, cashless readers. If a driver encounters a machine that isn’t reporting DEX properly, someone needs to know if it’s a cable issue, a machine issue or a problem with the DEX stream.

Installing RMM hardware in machines is not hard for veteran service techs, noted Stewart Lester, support and implementation manager at MEI. “It’s a very similar task at the machine to setting up a credit card acceptor,” he said.

Royal Vending in Maple Grove, Minn. hired additional techs when they began doing DEX retrofits in order to pre-kit, noted Steve Marx, president.

Marx thinks that overall, the DEX reports will allow him to install the right amount of equipment and the right products. “I think it’s going to cut out tons of headaches,” he said.

While there are more reports to review, the amount of time required by managers is not overwhelming, operators agree.

## How traditional roles change under pre-kitting and dynamic scheduling

**General Manager, Operations Manager.** These are among the most frequent roles that assume the responsibility for managing the transition to DEX-based management. Deployment projects are assigned to and managed by someone at the operations management level. In the beginning of an implementation, the project manager takes on the largest burden for deployment. This is a result of the overlap and transition of operations between the old and new systems.

**Route Supervisor.** Once the machines are monitored via RMM and/or DEX handhelds, the supervisor will not have to make as many site inspections to check product and prices. He will however, be reviewing productivity reports. The supervisor is oftentimes given the role of route scheduler, a daily responsibility, and/or merchandiser. The merchandiser reviews sales reports to determine which items should be selected for which machines.

**Route Driver.** The traditional driver’s role changes the most. The driver no longer selects products from the warehouse. The driver delivers pre-kitted totes to locations and stocks machines as instructed by the route ticket. Depending on whether or not the machines are monitored via RMM, the driver may use a handheld to download sales data. The driver still collects and bags the money. If there are freestanding bill changers and/or bill recyclers, the driver will have to record the collections. The driver must make note of any variances from the route ticket when filling machines. The driver is also responsible for cleaning machines and the machines’ environment.

**Money Room Manager.** Over time, the use of dynamic scheduling and an emphasis on merchandising will result in higher per collect averages.

**Service Technician.** In many operations the service manager takes on the installation and troubleshooting, and passes it to the technicians after training. During rollout, it is important to dedicate resources to installation, minimizing confusion associated with the old system, and allowing the company to realize the benefits of the new system faster.

**Warehouse Manager.** This role becomes more critical after pre-kitting is introduced. No longer is the warehouse manager only responsible for supervising deliveries to the warehouse and keeping the warehouse organized. With pre-kitting, the warehouse manager becomes responsible for overseeing a staff of product pickers. This is a highly detail intensive supervisory role.

**Warehouse Picker.** This position is more common after pre-kitting is introduced. One warehouse person can pre-kit snack items for one route in 30 to 40 minutes (when pre-kitting drinks, an additional 30 to 40 minutes per route can be expected). Dramatic improvements can be made in both speed and accuracy when using an automated picking system, and this also may reduce the need for skilled labor.

Stu Riemann, marketing manager at D&R Canteen in Rochester, Minn., which has introduced dynamic scheduling using MEI’s Easitrax software, said a manager

can review transactions in 3,000 machines in a few minutes.

Riemann noted that customer service managers find many reports helpful in dealing with customers.



Joe Cordaro of CRH Catering Co. in Connellsville, Pa., says skills in vending are changing completely.



John Ioannou of Next Generation Vending and Food Service Inc., Canton, Mass., thinks technology increases the need for a client relations specialist.

A report on bill changer use, for example, can be used to justify redeploying a changer.

"I think you invest the same amount of time (as a manager)," said Don Blotner, a former operator who is now a customer success specialist for Cantaloupe Systems. "You're far faster at being able to react in 'real time' than before."

#### A MUST: A TECHNOLOGY LEADER

One of the most important roles of all when introducing pre-kitting and dynamic scheduling is that of "technology leader." This is not an established role in many vending companies, and it can be assumed by a number of different positions. But according to some observers, it's the most important role of all for companies transitioning to DEX-based management.

"Unless you have one person solely responsible for ensuring the success of this implementation, it's not going to work," said MEI's Lester.

Lester noted that at D&R Canteen in Rochester, Minn. the technology champion emerged from the service department in Stuart Riemann. As the technology provider, Lester was delighted when someone at the company assumed that role.

The pioneers have found technology changes how they operate. In time, all successful operators will follow them. "Every day they don't invest in technology, they have a rapidly declining asset," Whennen surmised. | ◀

#### For more information, contact:

Cantaloupe Systems, 866-986-7333, [www.cantaloupesys.com](http://www.cantaloupesys.com)

Crane Streamware, 800-478-7326, [www.streamware.com](http://www.streamware.com)

Innovative Picking Technologies, 888-745-4784, [www.ipti.net](http://www.ipti.net)

MEI, 800-345-8215, [www.meiglobal.com](http://www.meiglobal.com)

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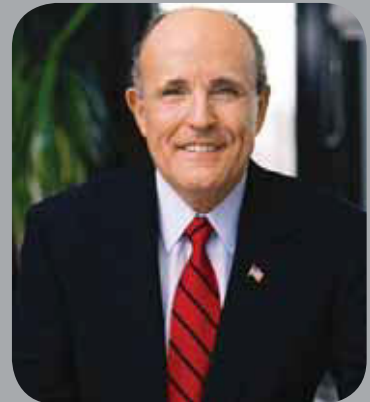
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# Creative marketing drives Illinois vendor's sales

By Emily Refermat, Managing Editor

**Prior to 2008, Hometown Suburban/Tri-City Vending grew mostly by acquisition and referrals, until hiring a second generation vending operation CEO to handle marketing. Colin Walsh used innovative presentations, branding programs and a “feet on the street” approach to build sales.**

**M**arketing and running a business is challenging. Colin Walsh learned this first hand while working at his father's vending company, Coin Café in Blue Island, Ill. Majoring in graphic design, Walsh had wanted to try new selling strategies, but was unable to implement them while handling the operations of the business. It would take more than 20 years before he could bring his marketing expertise to the forefront.

Walsh went to work for Hometown Suburban/Tri-City Vending when it bought Coin Café in 2008, and it's been a winning strategy for everyone. Since Walsh's appointment, the company has achieved double digit growth. Walsh admits he takes pride in customizing color presentations that wow the client and identifying specific



Colin Walsh, right, marketing director for Hometown/Tri-City Vending, came up with the idea of turning a glass front soda machine into a 'New Age Bevmart.' "My idea was to mirror what's happening in c-stores," said Walsh. With that in mind, Ken Martin, left, manager of the Peru location, has route drivers fill the machines with enhanced waters, milk, a few varieties of energy drinks and other beverages as well as soda.

programs for a location, but it takes the managers, like Ken Daly, Ken Martin and Bob Daly, to make his promises a reality.

#### HOMETOWN STARTS SMALL

In 1986, two brothers decided to start a vending business, Suburban Vending, located in Oak Lawn, Ill. The arrangement was simple, Ken Daly ran the business due to his experience working for various local vending companies as a driver and service technician. He also kept his job as night auditor for a hotel chain.

Bob Daly invested in the business, and, being a CPA, maintained the finances while keeping his job at Walgreens. They borrowed their father's van and ran the business out of the garage. They had one route.

#### GROWTH BY ACQUISITION

In 1987, the brothers decided to buy another single route operation, Hometown Food & Beverage. They put the two operations together and Ken Daly began working full time at the company, which became Hometown Suburban Vending. "We kept both names," said Bob Daly, "to make the transition as smooth as possible."

In 1993, they hired a good friend, Ken Martin, who was employed as a vending repair technician for another company. "Kenny and I ran the routes," said Martin.

It soon became apparent that Martin was putting in just as much time as Daly, so the brothers offered him a share of the business, and he became a partner.

In 2005, Hometown Suburban acquired Tri-City Vending. "We were looking to grow and Jack (the owner of Tri-City) was ready to sell," explained Martin. Tri-City is based in Peru, Ill., 90 miles west of Oak Lawn, giving the company another geographic area and room to grow between its two locations.

Martin moved to Peru to manage that branch, while Ken Daly manages the Oak Lawn facility. When the sale went public, Tri-City's customers were bombarded by the competition. "We've managed to reintroduce the company back into the (Peru) market and our new programs won a lot of business back," said Martin.

"It's hard to grow in this business without a dedicated marketing person. Until Colin, we grew mostly by acquisition and referrals," added Martin.

#### OPERATIONS VERSUS MARKETING

Walsh credits the owners of Hometown/Tri-City for reinvigorating his vending career, but his selling strategies evolved much earlier. Walsh had ideas about how to mar-



In Blue Island, product is shipped directly to two different locations where Paula Walsh, Colin Walsh's sister-in-law, fills the vending machine onsite for Hometown/Tri-City Vending instead of a route driver servicing it on his/her route. The location has been run this way for more than 20 years when it was a Coin Café location and many customers joke with Paula as she works.

ket a vending business back when he went to work for his father's company, Coin Café, in 1983. He had just graduated college with a graphic design degree, so he created selling materials and graphics for the Website. He now does this for Hometown/Tri-City.

One of his projects was the company's Website. It is very informative and filled with professional graphics of location managers touting the quality service of Hometown/Tri-City to special snack and food programs. The text links to information about the different services Hometown/Tri-City offers. There's also a link to a video on YouTube showcasing Hometown/

CONTINUED ►



Hometown/Tri-City Vending offers a “Good 4 You” program to customers. It’s identified by a cling on the machine and heart-shaped seals by the item price or, if the account is profitable enough, an entire machine is branded for the program.

Tri-City’s vending area treatments and flash animation.

From the time Walsh went to work for his father, he struggled to balance marketing with day-to-day operations at Coin Café, which his father started in 1955. One thing Walsh did while at the company was get the attention of local media.

As president of the Illinois Automatic Merchandising Council, he was instrumental in a 1997 public relations campaign the council continued until recently. The campaign earned TV interviews about vending.

#### NEW MARKETING CAREER

In 2008, Coin Café and Hometown/Tri-City merged. Bob Daly knew Walsh had a lot of experience and asked him to become marketing director for the newly merged company. Walsh was eager. “I hit the streets immediately in order to build credibility with my new employer,” Walsh said. “It was a great

opportunity to see if my marketing ideas were sound.”

#### CUSTOMIZED PRESENTATIONS

Walsh dedicates himself to winning new locations. He customizes full color print proposals with lots of graphics for each client after surveying them about their existing service. The most common request he hears is for healthy products, so he’s created a special brand just for that category.

“It’s something vending operators are probably providing, but they need to market it,” said Walsh. Hometown/Tri-City Vending’s exclusive healthy program is called “Good 4 You” and is indicated with a special cling on the snack machine explaining the program and a heart-shaped seal next to the item’s price.

“Out of 40 selections, about eight are marked ‘Good 4 You’” said Walsh, “but it can change based on location requests.” In fact, Walsh recalled recently

an account asked that all the healthy items be removed from the machines.

In some cases, Hometown/Tri-City brands the whole machine in the “Good 4 You” logo.

#### MARKET FOOD, FRESH OR SHELF STABLE

Hometown/Tri-City doesn’t run its own commissary, but gets fresh food from Kitchen Fresh with a customized “Hometown Deli” label. Walsh tries to modify the menu for these locations.

For accounts unable to support food machines, Walsh has created the “Gourmet Snack” program, which includes shelf stable food in a traditional snack machine. “One shelf will be retrofitted to vend food such as entrees, fruit cups, and soups,” said Walsh.

“It really eliminates waste,” added Ken Martin, who appreciates the system’s concept despite having to readjust the spirals with spacers.

CONTINUED ▶

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Walsh uses his ingenuity to gain accounts, but Hometown/Tri-City Vending backs up his proposals.

“These guys (the operational side) really take care of their customers,” said Walsh.

Martin spends five or six hours a day visiting locations, where he cements relationships with his contacts and checks on how the route drivers are doing at the accounts. Customers stop to chat and give him product suggestions. He even drives over an hour from Peru back to the Oak Lawn area to visit locations he sold when he was there before 2005.

For Bob Daly, the important thing is not just marketing, but that everybody is doing a good job. “It takes a lot to keep those marketing promises, which the two Kens work hard to make sure are taken care of,” he said.

**OCS AND SPECIAL PROGRAMS**

Hometown/Tri-City has offered an OCS program to go along with its vending service since the Daly brothers began the business. Two years ago, they introduced an aggressive “Custom Cafe” program, which features popular coffee brands as well as a value coffee called Hometown blend.

For the growing single cup market, Hometown/Tri-City offers the Flavia single cup machine. In fact, Hometown/Tri-City was recently named the independent distributor for Flavia in their market. “We love it,” said Walsh, “And feel confident it’s the best program out there.”

Hometown/Tri-City chose Flavia because of the taste, variety and price. “It’s energy efficient and offers a Terracycle (recycling) program our customers love,” said Daly.

Hometown/Tri-City recently took the Flavia machine to an expo attended by a number of different chambers of commerce.

**Professional Webpage is key marketing strategy**

It took nine months for Colin Walsh, marketing director, to coordinate the new Hometown Suburban Tri-City Vending Website. He provided the graphics and hired a freelance Webpage designer, and former

vending operator, Richard Mitchell, president of ProMediAspire, to put the information together online. It’s informative with many active links, scrolling online referrals and quality graphics. The use of flash animation and a video on YouTube make the Website stand out.

Walsh also sends out a quarterly newsletter to prospective clients that mimics the Webpage.



A quarterly eNewsletter mirrors the Website, and is sent to prospective locations.



The Hometown Suburban Tri-City Vending & Foodservice Website includes flash animation, detailed program information, links to video and much more.

“We got a lot of exposure out of it,” said Walsh. “We’ll do it again.”

**ENERGY STAR EQUALS GREEN**

Hometown/Tri-City is starting to “go green,” oftentimes with the

locations’ help. Martin orders the new Energy Star vending machines now, and offers the USA Technologies’ Vendingmiser when a location is willing to help with the cost of installation. He feels it’s a good move



In 2009, Hometown/Tri-City Vending won the Business Champion Award - Small Business of the Year Award. Colin Walsh accepted for the company, from Mary Beth Hearn, president of the advisory board for the Economic Development Council for the Southwest Suburbs. The award, based on growth in employees, sales or volume, resulted in positive media attention.

not just for conserving energy but for extending the life of the machine.

Hometown/Tri-City is also open to creative energy saving ideas. "Recently, a 'going green' location committee asked us to remove the bulbs in their vending machine," said Martin. "And we did."

#### WHERE THE FUTURE LIES

"Colleges and health care are key markets for the upcoming year," Walsh said.

In preparation, Hometown/Tri-City has begun adding credit and debit card readers for the young adults at these locations who don't carry cash. "When you're focused on this demographic, cashless is critical," said Walsh.

"We're excited about the possibilities cashless will bring to our company," said Bob Daly, who anticipates the addition of over a hundred (credit card) readers by the end of the year.

At the same time Hometown/Tri-City is adding cashless, it's also looking at investing in DEX handhelds. "We're in the process of upgrading our route control systems and researching the integration of handheld technology very soon," said Daly.

Hometown/Tri-City built its business on solid service and

customer referrals. The team has designed their new marketing program to mirror that same commitment. It's this and Walsh's marketing enthusiasm, rejuvenated by his ex-competitors' relentless ability to back up

innovative plans with dynamic service, that is getting Hometown/Tri-City a lot more of the customer's attention. | ◀

#### PROFILE:

### Hometown Suburban Tri-City Vending & Foodservice

**Headquarters Location:** Oak Lawn, Ill.

**Founded:** 1986

**Owner:** Bob Daly, Ken Daly, Ken Martin

**Number of Routes:** 14

**Number of Employees:** 25

**Main Equipment Lines:** AP and National Vendors

**Annual Sales:** Not revealed



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## Bryant to succeed Mackay as Kellogg CEO

▶ **Kellogg Co.** announced that David Mackay advised the Kellogg board of directors that he plans to retire as president, chief executive officer and director of the company. The effective date of his retirement will be Jan. 1, 2011. The board of directors elected John A. Bryant, chief operating officer and current member of the board, as the new president and chief executive officer effective Jan. 2, 2011.

## Cadillac Coffee names McCalla as vice president

▶ **Cadillac Coffee Co.**, a 122-year Great Lakes roaster of fine coffees, has named Jim McCalla as its new vice president of sales. McCalla brings to Cadillac 26 years of sales leadership, specifically in the coffee industry. His primary focus will be to create a growth oriented sales team centered in Cadillac's Great Lakes 6-state footprint.

"I'm excited to accept this new challenge in my career," McCalla said in a prepared statement. "Cadillac Coffee has a strong reputation in our industry and I am honored to be a part of their team." Cadillac's core business includes foodservice, national hotel brands, convenience stores, and private label packaging.

## Dean Foods Co. promotes Vopni to vice president

▶ **Dean Foods Co.** announced the appointment of Scott Vopni, 42, to the role of vice president and chief accounting officer (CAO), effective Dec. 15, 2010. The role became vacant when the company promoted Shaun Mara to chief financial officer on Dec. 1, 2010.

## MooBella tabs Keurig's Winkler for engineering

▶ **MooBella, Inc.**, which

marries innovative technology with ice cream announced that Karl Winkler has been named vice president of engineering. Winkler will direct the research, design and development of MooBella's innovative foodservice ice cream machines. He served as director of research and design-portion pack engineering at **Keurig Inc.**

## Dr Pepper Snapple promotes two to executive roles

▶ Two members of the **Dr Pepper Snapple Group** executive leadership team have been promoted to the level of executive vice president, the company announced. Effective Jan. 1, 2011, David Thomas, Ph.D., is executive vice president of research and development, and Tina Barry becomes executive vice president of corporate affairs. Both continue to report directly to Larry D. Young, DPS president and CEO.

## Starkist Co. dismisses president and CEO

▶ **Starkist Co.** has dismissed President and CEO Donald Binotto and appointed Chairman Ingu Park as acting president, according to The Pittsburgh *Post Gazette* in Pittsburgh, Pa.

## Food makers join salt reduction initiative

▶ **Hostess, Butterball, Snyder's of Hanover, Premio, Furmano's and Delhaize America** are the latest major food companies to sign on to the National Salt Reduction Initiative (NSRI), the U.S. Department of Health recently

announced. These companies join 16 of the nation's leading food makers in a nationwide effort to cut the salt in packaged and restaurant foods by 25 percent over five years – an achievement that would reduce the nation's salt intake by 20 percent and prevent tens of thousands of deaths each year due to conditions caused by high blood pressure. The addition of these companies demonstrates their dedication to leading the food industry toward a healthier food supply.

## Lance and Snyder's of Hanover finalize merger

▶ **Lance, Inc.** and **Snyder's of Hanover, Inc.** announced they have signed a definitive agreement to combine in a stock-for-stock merger of equals that will create a combined company to be called Snyder's-Lance, Inc. In addition to leading iconic brands including Lance®, Snyder's of Hanover®, Cape Cod® and Grande®. Snyder's-Lance will have a national distribution footprint, including one of the largest direct store delivery networks in the U.S.

## Sara Lee adds customer marketing role

▶ **Sara Lee Foodservice** has boosted its employee ranks with the hiring of Charlie McConnell as its new director of customer marketing, headline. In his new role, McConnell will be responsible for defining and executing headline segment strategies, according to *Convenience Store News*.

### CALENDAR OF EVENTS

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**JAN. 18, 2011**  
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**APRIL 27-29, 2011**  
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1 Beverage Marketing Industry Review, 2009 2 FRC Research Corporation Study, 2009  
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