Automatic Merchandiser

Convenience services for vending, micro markets and workplace beverages

TRENDS
A View of
the Future
What's trending
in vending and
micro markets ...
and what's
likely to stick.
page 12

Capital Provisions
revolutionizes
margins by engaging
customers, leveraging
data and "operating
like a retailer."

Penny for YOUT TOUT THOUGHTS OPERATION PROFILE D Page 28



SECURITY

Theft prevention in unattended retail

page 22

August 2022

Vending



PROS to KNOW

Vending • Micro Market • Office Coffee Service

The annual Automatic Merchandiser and VendingMarketWatch.com **Pros to Know Awards** recognize vending, micro market and office coffee service industry professionals who are leading initiatives to help prepare their company, organization and the industry for the significant challenges of today's business climate. This award highlights both individual and group achievements that promote industry innovation and future growth.

Nomination Deadline: September 16, 2022

Nominate today! Visit: https://bit.ly/3PAIhwC



CONTENTS AUGUST 2022

Success Story



Director of route operations, Franco Benitez (right), talks Michael Lovett through a warehouse pick list for one of the day's stops.



Penny For Your Thoughts



Capital Provisions revolutionizes margins by engaging customers, leveraging data and "operating like a retailer."

On the cover: Michael Lovett, Chris Watson and Franco Benitez lead Capital Provisions' rapid growth trajectory by harnessing the power of data and consumer engagement.

Follow us at



Facebook/VendingMarket



@VendingMagazine



linkedin.com/ company/2233840

Features





environment Insights to think about when



A View of the Future

What's trending in vending and micro markets. and what's likely to stick.





Theft prevention in unattended retail

Solutions to help owners and operators stay one step ahead in securing and protecting their assets.



Departments

- **5** Editor's Note
- 6 Industry News A roundup of the latest news and events
- **34** Classifieds
- **35** Social Hubs

What's happening in the industry on social media



******* ONLINE EXCLUSIVES**

Visit vendingmarketwatch.com for more on hot topics in vending, micro markets and office coffee service

Interviews, Expert Insight & Tips

OCS Operator

An OCS lesson learned through thin walls



Bob Tullio

AS AN OPERATOR, WHEN YOU HAVE THE OPPORTUNITY to hire a sales rep or a customer service person with genuine empathy, a sense of pride in their work and the desire to satisfy the customer, do not let that type of employee get away, especially if the

issue is money. They will pay for themselves many times over.

VendingMarketWatch.com/21275235

'Vending on a shelf' markets: A recipe for lost revenue

......

Troy Geis, the co-founder of Fixturelite, the industry's leading supplier of micro market retail displays, equipment and design tools, explores how much money operators are losing by offering markets that are nothing more than "vending on a shelf."

VendingMarketWatch.com/21272284

Rosset Report 2022: Full speed ahead for M&A

If the economy gets much worse, time will tell whether buyers will pull back on acquisitions as most did in 2020, but for now, it's full speed ahead. In this column by Marc Rosset, read his insights as to what is going on with acquisitions in the industry.

VendingMarketWatch.com/21273676

Micro Market News

Compass Group Canada and SJW Robotics announce partnership to introduce 24/7 autonomous kitchen robots



Compass Group Canada will pilot RoWok technology, offering 24/7 access to hot, fresh meals in select Canadian locations. It provides an option for healthcare workers on a night shift or students studying after hours.

VendingMarketWatch.com/ 21273858

AutomaticMERCHANDISER



Published by Endeavor Business Media, LLC 30 Burton Hills Blvd, Ste. 185, Nashville, TN 37215 800-547-7377

Vol. 64, No. 4

Business Staff

Publisher Jolene Gulley

(602) 315-9240 | JGulley@EndeavorB2B.com

Multimedia Account Representative Tami Morrell 708-917-1786 | TMorrell@EndeavorB2B.com

List Rental InfoGroup

Michael Costantino

Michael.Costantino@infogroup.com | (402) 836.6266

Kevin Collopy

Kevin.Collopy@infogroup.com | (402) 836.6265

European Sales, Sales Director

Julian Maddocks-Born

+44 (0)1442 230033 | julian@itsluk.com

Representative ITSL Media, Sales Manager Benedict Hume,

+44 (0)1442 288287 | benedict@itsluk.com

Editorial Staff

Managing Editor Molly Rogers (205) 409-0843 | MRogers@EndeavorB2B.com

Contributing Editors Emily Cambriello, Nick Montano and Adrienne Zimmer

Support Staff

Art Director Erin Brown

Production Manager Jane Pothlanski

Ad Services Manager Deanna O'Byrne

Audience Development Manager Delicia Poole

Endeavor Business Media, LLC

CEO Chris Ferrell
President June Griffin
CFO Mark Zadell
COO Patrick Rains

Chief Administrative and Legal Officer Tracy Kane EVP/Group Publisher - Technology Lester Craft

Subscription Customer Service

877-382-9187; 847-559-7598 Circ.VendingMarketWatch@omeda.com PO Box 3257 • Northbrook IL 60065-3257

Article reprints

reprints@endeavorb2b.com



Automatic Merchandiser (USPS 017-280), (ISSN 1061-1797 print; ISSN 1948-5697 online) is published 6 times per year in February/March, April, June/July, August, September/October, November by Endeavor Business Medio, 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 NCS 6812.

Subscriptions: Individual print subscriptions are available without charge to qualified subscribers in the U.S. Complimentary digital subscriptions are available to qualified subscribers worldwide. Please visit VendingMarketWatch.com and click on "Subscriptions. Subscriptions prices: U.S. 538 per year, 575 two year; Canada/Mexico 565 per year, 5113 two year. All other countries \$93 per year, \$173 two year. All other countries \$93 per year, \$173 two year. All subscriptions poyable in U.S. funds, drawn on U.S. bank. Canadian GST#842773848. Back issue \$10 prepaid; if available. Printed in the USA. Copyright 2022 Endeavor Business Media, LLC. All rights reserved. No part of this publication may be

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recordings or any information storage or retrieval system, without permission from the publisher.

Endeavor Business Media, LLC does not assume and herby disclaims any liability to any person or company for any loss or damage caused by errors or omissions in the material herein, regardless of whether such errors result from negligence, accident or any other cause whatsoever. The views and opinions in the articles herein are not to be taken as official expressions of the publishers, unless so stated. The publishers do not warrant, either expressly or by implication, the factual accuracy of the articles herein, nor do they so warrant any views or opinions offered by the authors of soid articles.

Innovative solutions and technology to drive the industry



Molly Rogers Managing Editor mrogers@endeavorb2b.com

Follow us at



Facebook/VendingMarket

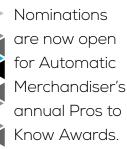


@VendingMagazine



linkedin.com/ company/2233840





I HOPE EVERYONE IS ENJOYING THE LAST DAYS OF SUMMER.

I was pleased to meet a lot of new faces – and some familiar ones – at the recent NAMA Fly-In & Advocacy Summit, and I found many of you are also in the South and, like me, probably ready for some cooler fall weather. It was my first Fly-In to attend, and it offered worthwhile networking opportunities and covered important challenges and solutions for the professionals in the industry, while also providing a chance to make your voices heard, so I'm already looking forward to next year's event.

And, speaking of hardworking individuals and teams, Automatic Merchandiser has recently opened the call for nominations for our annual Pros to Know Awards program, which recognizes vending, micro market and office coffee service professionals who are leading initiatives to help prepare their company, organization and the industry for today's challenges. This recognition highlights both individual and group achievements that promote innovation and future growth. You may nominate yourself, someone else or a team. The Pros to Know winners will be featured in the November issue of Automatic Merchandiser and on VendingMarketWatch.com. I look forward to reading all of the nominations for the prestigious award.

In this issue, contributing editor Adrienne Klein provides an in-depth look at the latest trends and technology for vending and micro markets – including some key highlights from the education sessions at the recent NAMA Show in Chicago. Read about opportunities ahead for growth in self-service solutions and ways to think beyond traditional vending.

Capital Provisions, a Southern California operation, is doing just that with an unconventional approach in its use of technology. "Engaging consumers and using their preference data to influence what they buy through marketing and advertising works in the convenience services industry just as it does in all others," CEO Michael Lovett emphasizes in this issue's operation profile.

Lastly, we cover security systems in this issue with an update on theft prevention in unattended retail – a challenge many operators are facing, as well as labor shortages to deal with it. Learn about a few ways to help secure and protect assets on page 22.

Next month in the September/October issue of Automatic Merchandiser, we will feature our annual Office Coffee Service Research Report and present the 40 Under 40 award winners.

Editorial Advisory Board

Nick Montano Contributor

Joe Hessling 365 Retail Markets

Josh Rosenberg NAMA Board Chair

John Reilly Avanti Markets

Anant Agrawal

Cantaloupe Systems **USA Technologies**

Elyssa Steiner Cantaloupe Systems **USA Technologies**

Carl Moser Canteen Corporate

Ed Kazma Crane Payment Innovations (CPI)

Cory Hewett Gimme

Michael Miller Mondelēz International

Paresh Patel PayRange

Jeff Deitchler Prairie Fire Coffee

Jim Carbone Tradecraft (retired)

Sandy Thornton VendEdge



TOP NEWS

NAMA presses Congress during 2022 Fly-In & Advocacy Summit

[ASSOCIATION]



CONVENIENCE SERVICE OPERATORS.

suppliers and others visited Capitol Hill in Washington, D.C., on Wednesday, July 19, as part of the 2022 NAMA Fly-In & Advocacy Summit. In addition to urging passage of the ERTCRA, attendees briefed members of Congress on the industry's initiatives:

- Addressing food and nutrition insecurity:
 NAMA urged Congress to expand the
 businesses where Supplemental Nutrition
 Assistance Program (SNAP) benefits may be
 used to encompass convenience services.
- Phasing out hydrofluorocarbon (HFC) refrigerants: NAMA urged Congress to provide an industry-specific tax credit supporting the swift transition to energyefficient R-290 vending equipment.
- Deterring catalytic converter thefts:

 NAMA also asked legislators to act against the rising tide of catalytic converter thefts.

 The Preventing Auto Recycling Theft ACT (HR. 6394) is a bipartisan bill to deter theft by imposing harsher penalties and by making it more difficult for thieves to recycle stolen parts.

Kelloggis

The Kellogg Company to separate into three independent companies

The Kellogg Company plans to spin off its U.S., Canadian and Caribbean cereal and plant-based businesses. The remaining business is focused on global snacking, international cereal and noodles, and North America frozen breakfast. VendingMarketWatch.com/21272247





Cathryn Gülen Bengi Sleight

Mars Wrigley announces Gülen Bengi as global chief growth officer

Gülen Bengi, who most recently served as executive vice president hair care at Unilever, is an accomplished marketing and P&L leader. Bengi succeeds Cathryn Sleight who decided to depart following a successful 30-year plus global marketing career at major multinational food and beverage companies. Sleight, who joined the business in 2019 and played an active role in the process to hire her successor, will stay on through December, partnering with Bengi to complete the transition. VendingMarketWatch.com/ 21275040





Kelley VandeLune

Roger Olmstead

McKee Foods announces leadership changes

McKee Foods, a familyowned company based in Collegedale, Tennessee, announced that Kelley VandeLune, national Foodservice sales manager for McKee Foods, retired July 1, after 18 years of leadership. VandeLune started his career with McKee Foods in 2004 and was instrumental in the creation of the Fieldstone Bakery brand in 2007. Roger Olmstead has been named the new national sales manager, Foodservice, effective July 2. Olmstead has been with McKee Foods for 22 years,

VendingMarketWatch.com/ 21273345



Pepsico acquires land for new Denver manufacturing facility

PepsiCo Beverages
North America acquired
nearly 152 acres of land in
Denver where it will build
a 1.2-million-square-foot
manufacturing facility.
Set to open in 2023, the
new facility is set to be the
largest, most sustainable
PepsiCo Beverages North
America plant in the U.S.

VendingMarketWatch.com/ 21274288



John Murphy to become president and CFO of The Coca-Cola Company

The Coca-Cola Company announced that John Murphy will become president and chief financial officer effective October 1. Murphy, who currently serves as executive vice president and CFO, will add the president role following the retirement of Brian Smith.

VendingMarketWatch.com/ 21275027



Sodexo Stop **Hunger Foundation** announces its 2022 award recipients

The Sodexo Stop Hunger Foundation announced its 2022 Stephen J. Brady Stop Hunger Scholars and Heroes of Everyday Life. Five students and five Sodexo employees will receive a \$5,000 grant to continue their work to fight food insecurity within their communities.

VendingMarketWatch.com/ 21272577

Conagra Brands announces opening of vegetable processing facility in Minnesota

Conagra Brands Inc. announced the opening of its new

state-of-CONAGRA

the-art vegetable

processing plant in Waseca, Minnesota. The 245,000-square-foot facility, which processes fresh vegetables to support Conagra's frozen meals business and Birds Eye brand, was built from the ground up with a focus on maximizing automation to create greater efficiencies and enhancing food safety throughout.

VendingMarketWatch.com/ 21273276

MORE ONLINE

Five Star Food Service announces acquisition of M&M **Sales Company**

VendingMarketWatch. com/21273106

US Foods opens environmentally sustainable distribution facility in Sacramento, CA

VendingMarketWatch. com/21272719

Wow Bao partners with Automated Retail Technologies, launches Just Baked **Hot Food kiosks**

VendingMarketWatch. com/21273944





5-hour ENERGY® brings big profits to little markets

Make the most of your store with specially designed racks and sales displays

Visibility. Popularity. Profits.

These are just three of the reasons that 5-hour ENERGY has become a favorite of vending machine operators and micro market owners. Few convenience products offer the margins of 5-hour ENERGY shots.*

Since 2004, 5-hour ENERGY has offered adult consumers an alert, energized feeling from an easy-totake shot. The pioneering 2-ounce energy shot, 5-hour ENERGY is available from most U.S. convenience stores, many vending machines, and a growing number of micro markets and hotel pantries.

With an almost 90% market share, the brand is synonymous with the billion-dollar energy shot category. And thanks to its national advertising campaigns, 5-hour ENERGY is one of the few convenience products to offer this presence.

That's why consumers buy an estimated 750,000 bottles** every day.

"Anything that you sell in your micro markets, it's rare that it has that much market share," said Brandon Bohland, the special markets manager at 5-hour ENERGY.

And for the owners of automated or self-serve food service businesses, 5-hour ENERGY shots offer many advantages over candy, chips and other vending staples. Unlike most food products, 5-hour ENERGY has up to a two-year shelf life, which means that operators don't have to constantly check expiration dates. Plus, as an anytime, anywhere product, operators can count on sales during the morning rush and

midafternoon lulls.

Finally, 5-hour ENERGY is more profitable than most other convenience products.

To help operators with limited space boost sales, 5-hour ENERGY offers custom-designed equipment for use in vending machines and micro markets. These include:

Wall display rack

- · Hangs on wall to save space
- Holds up to 24 bottles
- · Increases sales opportunities without cluttering floors or counters





Under-shelf cooler rack

- Creates new profit center in unused cooler space
- Easy setup. Installs in minutes
- Holds up to 50 bottles

Vending spirals

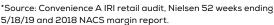
- Automatically dispenses 5-hour ENERGY bottles without tipping or jamming
- Customers get a perfect vend every time
- Incremental turns can grow into huge profits

The equipment is free to vending and micro market operators.

"We're here to help you," Bohland

Learn more about the benefits of selling 5-hour ENERGY in vending machines, micro markets and hotel pantries at www.5hourEnergy.com/ vending. Contact special markets manager Brandon Bohland at vending@fivehour.com.





^{**}Source: US - XAOC INCL CON - 52 we 01.01.22. Content provided by Living Essentials LLC.

Heat up profits with ice-cold 5-hour ENERGY shots!

Tropical
Burst

Watermelon

S-houl

S-houl

S-houl

S-houl

S-houl

S-houl

S-houl

S-houl

S-houl

STRENGT

Vitamins • Nutrients
Caffeine • Sugar Free

Witamins • Nutrients
Caffeine • Sugar Free

Add the 5-hour ENERGY rack to your coolers



R10008 Empty Under-Shelf Cooler Rack 3.05" H x 21.25" W x 15.11" D

- Quick, easy installation
- Smooth-rolling gravity feed
- Holds up to 50 bottles of 5-hour ENERGY®
- Sturdy construction
- Easy solution for additional placement and profit



Contact: vending@fivehour.com

Six things for operators to consider in today's business environment

Insights to think about when selling refreshment services.

By Bob Tullio, Contributor

EARLIER THIS MONTH, I WAS

asked to provide a video for a large operator's national sales meeting. The title: "Four things to think about when selling refreshment services in today's business environment." In the interest of time, I kept it to four, but in the interests of this column, I have six to share.

DO NOT EVEN THINK ABOUT PRICE-DRIVEN SELLING.

Back in the day, I was always perplexed by operators who were charging 75 cents for a can of soda, while the convenience stores were selling it for \$1.00 or more. Forget the fact that the bottling companies were vending that same soda for 50 cents! Somehow, vending operators were always seen as discounters, even though we deliver the ultimate convenience.

Joel Skidmore, president of J&J Vending in northern California, shares my frustration. "We've always been discounters in our industry, and it stems from that fear of losing the account, because someone can always sell it cheaper. While there is always price sensitivity, it is more in the industrial accounts today. In white-collar and tech accounts, they want better products, and we need to offer them," said Skidmore.

For operators, this is our opportunity to turn the tables. Sell on quality, service, value, safety, sustainability – anything but price, whenever possible.

If a client is price-oriented beyond all else, that is not an account you want to serve.

SPOIL YOUR CUSTOMERS: IN A SELF-SERVICE WORLD, PERSONAL SERVICE IS INCREASINGLY UNCOMMON.



Think about it: Everything today is self-service, and the data shows that. We

★★★★ love pumping our own gas, placing our own orders, trouble-shooting our technology and doing all the work because there is no choice. As a result, personal service, paying special attention to client needs, entertaining clients and spoiling them with performance is such a rarity today that it becomes a true differentiator – especially after the pandemic.

Louis Baresh of Executive Refreshments in Dallas said his company is using exceptional service as a differentiator. "We focus on innovation and customer service. We are going above and beyond because we know the bigger competition is unable to match our service. Clients have my cell phone number. We are pouring it on from a service standpoint, and it is working," said Baresh.

OPEN YOUR EYES AND MAXIMIZE REVENUE.

Those old sales gurus used to say: Close the deal and shut up. Instead, I say, before you close the deal, be confident enough to open your eyes and maximize the financial opportunity. Go to the appointment to get the OCS business – but get the water, the beverage, the snacks, the micro market, the pantry, the cold brew – maybe even the food lockers if you are moving in that direction. Go after every dollar available and sell it on the benefit of vendor consolidation.

FOCUS ON RELATIONSHIP DEVELOPMENT WITH AN EYE ON REFERRALS.



When I train operators in a program designed to create elite performers, the question I always hear is, "How do I get the big accounts like you had as

an operator?" Warner Bros., Disney, Netflix, Space X, the big law firms, giant call centers and huge distribution facilities – the ideal targets.

The answer is simple. Spend thousands on pay-per-click advertising (which works) and get some very hot leads on a regular basis and learn to cultivate referrals. I wrote about it last month. If you have not







read it, read it today. It is the secret sauce for landing big accounts. There is a wrong way and a right way to ask for referrals.

THE CLIENTS YOU WANT ARE THE ONES WHO WANT TO BE DAZZLED. INVEST IN THE INDUSTRY'S BEST EQUIPMENT AND TECHNOLOGY.



The late great operator, B.H. Williams from Dallas, once told me, "If a location isn't good

enough to get the best equipment from you, they are not a client you should be doing business with." His wisdom holds true, especially today in every facet of convenience services.

Make it clear from the beginning that a business relationship is a partnership. Your company will invest in the right solutions and will put your best foot forward from day one. Continue to earn the business throughout the relationship. In turn, you need appropriate pricing and the opportunity to continually provide as many products as possible for the entire relationship.

As an operator, if you are committed to solution-based selling, is there really another way to do business?

6 BE PREPARED TO LEAVE YOUR COMFORT ZONE TO CAPTURE MORE OPPORTUNITY THAN EVER.



Industry consultant Steve Closser of Translucent believes that, in certain locations, operators should set up

a barista for four hours each day to provide the ultimate convenience – specialty coffee drinks that eliminate a stop by employees to their favorite coffee house down the street. The numbers can work, if there is a true partnership.

High-end water systems, like FRIIA from Marco Beverage, take

drinking water to a new level, largely because of their sleek design. Similarly, some of the new ice machines on the market will command tremendous rental fees. Coffee's on-demand micro roaster, soon to be widely available, will bring fresh-roasted coffee to the point of consumption. When innovative solutions like these are successfully implemented, the result is a snowball of referrals.

Judson Kleinman of Corporate Essentials is a classic example of an operator who is willing to leave his comfort zone to capitalize on opportunity. The commitment to his Martin & Fitch catering and corporate dining is no easy task, but Kleinman reports that the service is coming along nicely and that clients – anxious to entice employees back to the office – are embracing it.

While these solutions are not for every office, when operators can capture those lost dollars that are alluding them in workplaces, they need to move forward and leave their comfort zone. That is especially true today, as we head toward 70% being the new 100% in terms of employee headcount.



About the author

Industry consultant and VendingMarketWatch.com contributing editor Bob Tullio is a content specialist who advises operators in the convenience services

industry on how to build a successful business from the ground up and advises suppliers on how to successfully connect with operators. Tullio's YouTube channel, b2b Perspective, is designed to "elevate your business in two minutes." Visit www. tulliob2b.com or email bob@tulliob2b.com.





products people are buying have not changed much.

"Coffee, water and soda continue to lead the pack with subtle changes within the category," he said. However, the devices people use to buy those products have greatly diversified.

"The addition of PicoCooler and PicoMarket alongside the scan and pay capability inside the 365Pay app have provided operators with a host of options to provide across their Connected Campus. With the addition of Order Ahead inside 365Pay in 2020 and food pickup lockers introduced in 2021, we are also seeing a spike in order-ahead orders, just like the Panera Breads and Chipotles of the world. When it comes to payment types, both the 365Pay app and NFCbased transactions continue to rise on the kiosk, both of which help to enable our touchless transaction technology."

An important trend at the 2022 NAMA Show included new technologies from manufacturers that offer consumers the choice to pay how they prefer. PayRange Inc. announced it has added capabilities to accept store gift cards and cryptocurrencies. Hundreds of store gift cards are supported including Target, Starbucks, Walmart, Home Depot, Lowes, Apple, and more. To pay with cryptocurrency, users can sign into their Coinbase account within the PayRange app and fund with Bitcoin, among others.

And earlier this summer. Cantaloupe announced it has integrated Vendekin's Retrobox, a patented hardware-enabled SaaS product to make vending machines touchless and smart, supporting frictionless experiences for consumers. They will be able to scan the machine's QR code, select items from a menu of

all the offerings in the machine and pay for their selection, all from their smartphone or via Cantaloupe's ePort card reader.

"I believe one of the greatest changes from the pandemic has been the acceleration of unattended retail and self-service applications that are now a preferred way to shop by consumers," said Elyssa Steiner, vice president of marketing at Cantaloupe. "One of the biggest trends from a payment perspective is that consumers prefer to tap more than ever. Whether they are buying from a vending machine, micro market, or even in traditional retail, consumers are leveraging contactless forms of payments to complete a transaction. We've seen on some of our most popular card readers that contactless now makes up over 50% of all cashless transactions," she added. "Oftentimes,

ADVERTORIAL COMPANY PROFILE

Lock America of Corona, CA develops and markets locks and security hardware for a number of industries, including amusement and vending, ATMs, petroleum marketing, self storage and video games. They produce camlocks, padlocks, plug locks, puck locks, all with a number of different security levels. Lock America registers each key code uniquely to a customer. Lock America's tamper-resistant high security locks, assembled in its California plant, have millions of key combinations, built around a time-proven mechanism.

Since its founding by Frank Minnella and Steve Shiao in 1981, Lock America has produced security locks and hardware for vending and amusement machines, video games, self-storage units and cash dispensers. In the last decade, they have added a full range of locks for ATMs and kiosks, petroleum dispensers, and propane tanks and storage cages. Lock America produces retrofit kits for virtually every petroleum dispenser, to replace the Universal Lock and other low security locks. For petroleum dispensers, the Lock America tamper-resistant high security dispenser lock does more than prevent insertion of data skimmers. It also prevents insertion of devices that enable thieves to steal product by bypassing internal meters, which is now a growing problem for the industry.

Assembled in California, all of Lock America's high security locks are available with registered pick and drill-resistant keyways. With millions of key codes, each customer is assigned its own unique key code, and replacements are available only to authorized users. For more information, contact 800-422-2866, sales@laigroup.com, or go to www.laigroup.com.





the biggest challenge in enabling new ways for consumers to pay, is to break their old habits, and COVID did just that. Now consumers know the ease of tapping their card or mobile phone, and I think we'll see this trend continue to grow even into the future."

McWhirter adds that while touchless features have plateaued since mid-2021, the speed and convenience of the transaction and those principles will continue to inform new user experiences going forward. "At 365 Retail Markets, we were fortunate to have already had touchless checkout capacity on our kiosks prior to the COVID-19 pandemic. That said, we did add some capabilities to our 365Pay app around touchless coffee and vending so consumers could engage with those devices similarly," he noted.

GROWTH IN SELF SERVICE

Not only do consumers want to pay with any and all methods, they also prefer to shop at their own pace and oftentimes choose self-service. Look no further than the rise in self-service checkouts at grocery stores and QSRs like McDonald's. In the education session "Unattended Retail in Foodservice: Consumer Trends in the Evolving Space" at the 2022 NAMA Show, PepsiCo's Bill Moxey cited a 2018 study from McDonald's in which the company found that consumers wanted more control of the transaction.

"Consumers wanted to know exactly what they were getting and that they could put it back if they changed their mind. The irony is that those consumers bought more from the kiosk than they did from a server at the counter," he said. "When consumers feel less pressure, they feel more comfortable and they buy more. In this fast-paced world that we live in, we need to give consumers time to think and not feel pressure."

Cantaloupe's Steiner echoed these sentiments. "Consumers don't want



Operators don't have to do just food and beverage anymore. They can diversify their business and be a tool for other retail establishments to expand because they have the routing, logistics, warehouse and processes that make servicing, managing and restocking self-service locations efficient."

- Elyssa Steiner, vice president of marketing at Cantaloupe

to interact with humans to complete a transaction and, in some cases, find self-checkout far easier and safer to use. This trend is proven through the acceleration of kiosks not only in retail or grocery stores, but also in places like airports, train stations and more," she said.

In the education session, "Retail Reimagined: An Interview with Experts", Robert Gebhardt, VP Experience Services Lead America at Jones Lang LaSalle, noted that the pandemic changed the way consumers shop; therefore, businesses need to rethink how they sell to a consumer.

"When the pandemic hit, we were all forced to do the same thing: pack your bags and go home. I think there was an instantaneous fear that the office environment is dead, that it's never going to return, but that is absolutely the furthest thing from the truth," he said. "But this change requires us to think differently. We need to follow that employee along on their journey while they are at home, while they are on their way into the office, while they are in the office and as they plan to leave the office. We need to think about all the opportunities that we have to engage

This may mean operators look beyond traditional vending solutions toward more scalable self-service solutions, creating a one-stop-shop for the customer.

OPPORTUNITIES ABOUND

For operators looking toward the future, experts recommend thinking outside of traditional vending offerings. "Think outside of snacks and sodas," said David Ashforth, co-founder of Digital Media Vending International. "Almost anything you can imagine can be dispensed now. America is the land of opportunity and innovation, it's time for operators to innovate and think outside of the box."

Cantaloupe's Steiner agrees. "I think operators must be willing to expand outside of food and beverage," she said. "Self-service is growing at a rapid pace, and there is tremendous opportunity for operators who have distribution models already set up, to capitalize on these trends for other consumable products. I think the biggest challenge is getting out of that mindset that this is only a food and beverage industry. Operators don't have to do just food and beverage anymore. They can diversify their business and be a tool for other retail establishments to expand because they have the routing, logistics, warehouse and processes that make servicing, managing and restocking self-service locations efficient."

She recommends that operators take action on testing and trying new applications, including taking micro markets or smart coolers into locations that weren't previously considered, such as apartment complexes or hotels.



Graphics That Pop has had an increase in sales of 45% in 2021 and 50% in 2022. We credit this growth due to the following:

Design Team:

We have three full-time graphic designers on staff that produce stunning design presentations quickly. Micro Market and Vending companies are welcome to use these services free of charge. Nothing gets the attention of existing or new locations like custom graphics.

Skilled project managers:

We have three full-time, skilled project managers that will assist you in streamlining the process of design and space requirements.

New ultra-light weight panels:

Only 30 lbs. I know it is unbelievable. GTP strives to develop better products. GTP manufactures its own unique Micro Market panels. The materials used are a corrugated sustainable core with embedded threaded connections, and an exterior plastic clad for extreme durability.

Lock N Load:

This system controls product expiration dates. Products can easily load from the back of the display. Shelving comes with optional product dividers and product pushers that are adjustable in 1-inch increments.

Great LED lighting:

Our new LED strip lighting with a protective lens makes your products look more appealing. The LED strip is removable and easily replaced years down the line.

Pin System:

Our Micro Markets assemble fast and easy with our slide in pin connectors. All Micro Markets come with all the hardware pre-assembled. The panels come off the

pallet in order of assembly. Just simply insert the pins. No tools required.

Capacity:

Our shelving, which has a depth of 19 inches, can hold twice as much product as the majority of competing Micro Market displays. If the display holds more products, that means fewer trips to service the Micro Market.

Ouality Control:

Every Micro Market is set up and inspected before shipping. We go to great lengths in securely packaging your Micro Markets. Rarely do we receive any shipping damages.

Increasingly, Micro Market operators are switching to the GTP system. They are realizing the importance of long-term durable fixtures, which are easy to install, modify, repair, or move.

GTP is in the process of engineering two new products that we hope will be out this fall.

GTP's Lock N Load system will have an option to have self-closing transparent plastic doors. You will still be able to load products from the back of the display. The new product is for harsh environments such as rodent control and temperature control.

New LED back-lite headers

GTP thanks all our loyal customers. We look forward to more operators making the switch to GTP's Micro Market systems. Once operators try our system, few go back to over-weight, hard to set-up and hard to move particle board displays. They understand the value of our revolutionary Micro Market fixture.

If your employees and customers deserve the best, then you will choose a GTP Micro Market for your next location.





It could also mean expanding vending machines to include a wider variety of consumer products. "There is tremendous growth and opportunity in self-service, and it really is the future of how consumers want to shop because it's fast, convenient and safe – so why not capitalize on it," she noted.

This expansion of ideas outside of "traditional" vending locations was on display at the NAMA Show earlier this year. 365 Retail Markets showcased its new MM6 Kiosk for Dining, which is also available in micro market mode, and its Stockwell 2.0, a no-checkout smart technology that combines refrigerated and ambient design. It gives operators the ability to sell beverages and fresh food alongside snacks and dry goods.

Other showcased products and technologies, including Remote Laundry Room, Nayax's Bee Meter and Parlevel's Hubz Smart Cooler, displayed different ways for attendees to think beyond traditional vending and look at new opportunities within the industry.

"Post COVID, the days of selling PPE and other COVID-related consumables are over," added Ashforth. "Consumers are increasingly more amenable to using smart vending machines that can convey a brand's look and feel. But, as with everything, it's all about convenience and finding what you want, when you want it."

He points to several innovative concepts that are meeting this consumer need. "Food banks are using temperature-controlled lockers to conveniently deliver food to people who need it." His company also developed a C-Store machine that can extend up to 32 feet wide and offer almost everything a regular store can

offer. "Unmanned retail is the future, and with an economic downturn ahead, companies will be looking to use large, smart vending machines to reduce shrinkage and save on labor costs," Ashforth continued.

Steiner believes that the industry is at an inflection point where technology is changing faster than ever before, and operators are dealing with real challenges such as labor shortages and inflation. When it comes to opportunities, she notes there are two sides to consider: first, opportunities to grow their business and expand into new self-service applications, and second, opportunities to leverage technology to solve the day-to-day challenges that are affecting their bottom line – labor and inflation.

"If we talk about growth in selfservice, I think there is tremendous opportunity for operators to look at

ADVERTORIAL | COMPANY PROFILE

Easy Ice, The Ice Machine Experts

Easy Ice offers the only all-inclusive commercial ice machine subscription in the U.S., with over 33,000 ice machines under management.

An Easy Ice subscription includes the ice maker, biannual preventive maintenance and cleaning, all repairs, and backup ice for a single monthly payment. They carry ice machine models that cover the full range of daily production amounts and ice types, from major brands like Hoshizaki, Manitowoc, and Scotsman.

In select cities, Easy Ice provides ice machine maintenance and repair services to ice machine owners. Customers who utilize this service include national corporations with ice machines at multiple locations. Easy Ice technicians are highly trained commercial ice machine specialists who know how to clean, inspect, diagnose, and fix ice makers to the gold standard.

Easy Ice was founded in 2009 by CEO Mark Hangen and COO John Mahlmeister to disrupt the commercial ice industry for the good of business owners. They have since acquired several of the longest-running commercial ice machine lease and service companies in the country, adding decades of industry experience and knowledge to their operations. On a mission to simplify ice for businesses big and small, with an emphasis on first-class ice machine care, Easy Ice envisions a world where ice maker subscriptions outnumber purchases.

That vision is ultimately about transforming business owners' ice machine experience to reflect the Easy Ice motto: No Hassle. No Capital. Just Ice.



vending machines outside of traditional food and beverage, whether that's partnering with consumer product brands or taking self-checkout kiosks and extending micro markets into more public locations through technology like smart coolers," said Steiner. "Then, if we look at opportunities to solve for key challenges they are facing in their operation, features like remote price change available in Cantaloupe's Seed platform, used to update prices remotely at your machines - just like operators do in micro markets - can save them tremendous time and money, especially given the labor and inflation challenges they are facing in today's economy."

365's McWhirter adds that returning to the office is a growing focus for many organizations and something on which operators need to capitalize. "Operators have a unique opportunity

to support this transition by offering programs that incentivize and reward employees in the workplace," he said. "Over the past year, the industry has seen a rise in the use of promotions, as well as loyalty and subsidy programs. Through our product solutions, operators can leverage any mix of all three, depending on client needs. The days of opening a micro market and gifting everyone a one-time, minute stipend has shifted. 365 has seen an increase in collaborations between foodservice operators and their clients, through which the clients contribute amounts such as \$5 per week or \$10 per month toward purchase credits."

LOOKING FORWARD

The vending and micro market industry continues to innovate; those operators who stay knowledgeable on upcoming trends and technologies are

those who plan to be in the business for the long haul. Digital Media Vending International's Ashforth believes that when it comes to vending machine technology, there are a few things that will become the norm in the next several years. "Touchless, cashless, robotics, elevators or conveyor belts to deliver a product to the customer without the customer having to touch the machine," he said.

Steiner agrees, adding, "Now you see technology around facial recognition that could be the next phase to allowing consumers to pay without the need to carry their wallet or touch a self-service machine to complete a transaction."

Despite the economic setbacks faced in 2020 and beyond, there are many opportunities in the vending and micro market industry for those operators willing to look ahead.

Just CE Add

The best micro-markets get even better when there's ice to pair with your beverage offerings. Become your customers' favorite vending solution with the help of Easy Ice.

An **Easy Ice subscription** saves you the trouble of dealing with the ice machine after installation. One monthly payment covers the ice-making equipment, biannual preventive maintenance, cleanings, repairs, and backup ice.

We handle your ice supply so well, you'll forget the ice machine is there.



Call and request a quote today.

866-327-9423





Grow Your Business with Nayax's Complete Solution

Nayax offers a comprehensive set of solutions that includes: acceptance of all cashless payments, integrated points of sale (POS), a management suite, and a customer loyalty toolkit. This four-sided approach provides business owners with the stability they need to focus on the bigger picture and grow their business instead of constantly playing catch up.

Increase Revenue with Cashless Payment Acceptance

The world of payments is changing fast, with digital payment methods overtaking cash use leading to a noticeable shift towards mobile wallets. With these changes, you need a solution that will enable you to accept all payment methods, from EMV-enabled chip cards, QR codes, mobile wallets, prepaid cards, and more. Customers want to use their preferred payment method where they shop, especially if they're on the go. When businesses don't accept all payments, they run the risk of missing out on a sale.

Improve Shopping Experience with an Integrated POS

Integrated cashless POS devices and self-checkouts not only accept all forms of cashless payments in multiple currencies, but also provide business owners with valuable data on sales, inventory, and customers. Integrated POS devices also provide a more seamless customer experience.

These integrated POS devices work together with a management and telemetry suite which allows for more effective management and a data management solution for more insightful and efficient operations.

Reduce Operational Expenses with a Management Suite

A desktop and mobile management suite that is synced together allows business owners to manage all

aspects of their business anytime, anywhere. Create more efficient driving routes to fill your machines and use a picklist to know exactly what needs to be filled and when. Receive customized notifications and alerts about your machines, saving time and money through remote management. Effective management leads to increased labor productivity, which reduces operating expenses (OPEX).

Boost Customer Engagement with Effective Loyalty Programs

With a customized loyalty and consumer engagement set of solutions, ensure that customers will return to your business by providing them with the information they need, telling them about sales on products they're interested in, and providing them with a seamless shopping experience. With online and offline data, you can fully map out your customers' journey, and know how to provide them with a positive, personalized, and frictionless shopping experience.

Monyx Wallet provides business owners with an opportunity to create marketing campaigns, provide punch cards, refunds, top up bonuses on prepaid cards, make discounts available for users, and more. With the proper tools and incentives, customers will return again and again, converting into loyal customers and even advocates for your business.

Nayax's four-sided approach works together to reduce a business owners' total cost of ownership (TCO). By lowering operational costs with increased efficiency and increasing revenue with business optimization tools and better customer loyalty programs, you will watch your business grow exponentially.



Now with Nayax!

Incremental authorization with EMV-compliant multi-vend transactions!



When your consumers spend more, you earn more



Experience improved consumer experiences and reduced chargebacks

Buy VPOS Touch now!



PayRange is the #1 rated, largest, fastest growing, and most reliable payments network in North America for unattended retail.

PayRange® launched in 2014 and has since expanded to include more than 5 million users who have millions of dollars preloaded, ready to spend. These funds are spent only on the hundreds of thousands of PayRange enabled machines across the US and Canada. The only way to tap into this pool of funds is to accept PayRange on your machines.

Cashless payments have become the norm in the vending industry and PayRange is ready with innovations to support and grow these options for vending operators. Users love PayRange and enjoy using it across multiple machines and different industries, from laundry machines to amusement games, car washes to of course vending. Join the network now to earn a profit while improving the customer experience in the process.

Many of the first devices shipped are still in active use 8 years after being installed. All



while cellular standards have continued to advance from 2G to 3G, 4G to 5G, and beyond. Other cashless systems relying on cellular modems have required replacement or upgrades, and most competing systems also require monthly connection fees. None of this is required with PayRange. For an operator, after the initial purchase of the BluKey device, fees are only charged when PayRange is used by a consumer, making it perfect to deploy on an operator's entire route, not just the high-volume machines

A five-star rated app.

Read the reviews app users have left for PayRange in the App or Play stores. You'll discover how impactful the ability to pay with a phone can

be for a consumer as evidenced by the hundreds of thousands of fivestar reviews. Be sure your operation is part of this experience. PayRange is a top rated five-star app in Apple's App Store for five years running. Plus, Android users have downloaded the app from the Google Play store more than a million times and counting.

Machines welcome - Retrofit or OEM from the factory.

Our field-tested retrofit device, the BluKey Plus upgrades any machine with MDB to accept cashless mobile payments, and it's plug and play simple. Even works with existing card readers. PayRange also comes fully integrated from the factory on select vending machines, notably the Evoke line of snack machines from U-Select-It. There's nothing to install, just activate PayRange upon delivery. Plus, PayRange is integrated in every Cora telemetery device sold by Crane Payment Innovations, offering PayRange acceptance without a separate BluKey device.

BluKey devices are in stock now at **shop.payrange.com** including a full line of decals and marketing materials to promote the use of mobile payments.

Find out more and join the fastest growing payment network today at www.payrange.com.









3G, 4G, 5G, 6G... or one BluKey and done!

Stop wasting money on endless and costly upgrades.

Our patented solution uses the customer's phone to make secure purchases.

Meaning, our BluKey hardware/firmware continues to work regardless of the latest cellular technologies. Just plug in the BluKey device in-line with the coin mech and bill validator and/or card reader — and you're done.

PayRange is already on hundreds of thousands of machines throughout the U.S. and Canada. Users love the convenience and operators love the lift in revenue!



The best way to accept mobile payments!



Get started at shop.PayRange.com







S THE WORLD ENTERS ITS THIRD year of dealing with COVID-19, the U.S. seems to have turned a corner in learning to live with the virus. Shutdowns are a thing of the past, mask mandates have been eased or lifted altogether, and theaters, restaurants and offices have been reopened to the public. Unfortunately, the pandemic has left its mark on the American labor force and created a new series of challenges for the nation's economy.

4K UHD

Forced to stay away from the workplace, people had time to reassess their personal and professional priorities, leading many of them to change jobs, take early retirement, or quit to start their own businesses. "The Great Resignation," as it's been dubbed, has changed the employment landscape across the country, leaving many companies in a wide variety of industries struggling to find staffing and stay open. More recently, rising

interest rates, high inflation and huge spikes in energy and gasoline prices have stretched people's budgets to

Fewer employees on-site and intense financial pressures on consumers are the perfect combination for potential theft. According to the National Retail Federation's 2021 Retail Security Survey, 57% of businesses cited the pandemic and its aftermath for a rise in organized retail crime, while 50% blamed the virus for an increase in shoplifting.

"We learned from micro market operators that their biggest challenges were theft and lack of labor resources to deal with it effectively," said Mac Bolak, the founder and chief executive officer of Panoptyc. "If there's no one there on the premises, people feel more inclined to take things when they think no one is watching. Operators were also dealing with outdated camera systems that couldn't be reviewed remotely, meaning they had to drive potentially long distances to retrieve footage manually. So, we came up with a solution to help fill the gap."

00:35:02

Founded in 2019 with headquarters in Michigan and Washington, Panoptyc has quickly become a leader in the security and surveillance industry. Using a combination of smart cameras, artificial intelligence technology and human review, Panoptyc's goal is to take care of theft detection so operators can focus on running and growing their business. "Our software is always looking for suspicious incidents," Bolak explained. "Once something happens – if someone grabs an item and walks out or pretends to check out and doesn't pay that activity gets flagged automatically. We then have human verification to ensure accuracy prior to sending out a dossier with all needed information to the operators."

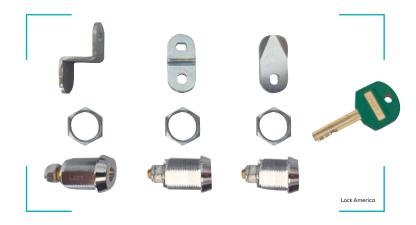
Although the primary purpose of Panoptyc's system is to give operators their profits, time and sanity back from theft, there are other benefits that can be useful. "The camera and software solutions also address quality control monitoring like detecting stock outs and driver performance," Bolak added.

Utilizing technology to catch thieves in unattended locations is a powerful tool, but for many people, theft prevention often begins and ends with the type of locks installed on the machines. From vending and ATMs to amusement games and gasoline pumps, Lock America has been protecting assets in a wide range of industries for over 40 years. Founded in 1981 and based in Corona, California, the company tries to stay ahead of criminals by talking to its clients and hearing their concerns.

"The Lock America team attends most trade shows to meet our customers face-to-face," said Richard Morahan, a consultant for the company. "We listen to our customers and our markets, and we read the headlines to develop innovative solutions to security issues."

Many of the headlines these days involve historically high gasoline prices, making service stations a prime target for theft. "Many gas pumps still rely on a generic lock with thousands of duplicate keys in circulation," Morahan explained. "Lock America security locks are pick-resistant, with each key code registered to an authorized person at each client company, which provides key control as well as hardware barriers for individual locations. Our customers can keep track of each key for overall operation security."

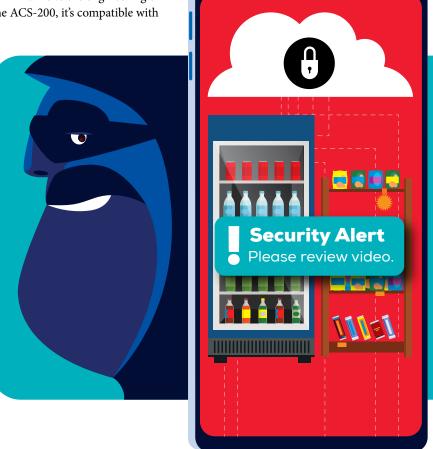
Some owners only need to worry about control of a few locks, but for those with larger operations, Camlock Systems has developed a solution. A family-owned business with a history



spanning 100 years, the organization - headquartered in Southington, Connecticut - has evolved from a single locksmith in England to a multi-national company with customers in over 140 countries. Their newest product is the ACS-200, a Smart Integration Hub that enables the user to control up to 10 locks.

"Thanks to the engineering of the ACS-200, it's compatible with

a variety of programming languages and operating systems," said Linzi Agnew, a Camlock Systems marketing executive. "The installation is quick and easy, and simple software integration cuts down the setup time."



68780831 | Macrovector | Dreamstime; 1324682862 | id-work | Getty Images

The ACS-200 allows a single control board to be housed separately from each lock, allowing for cost savings during the build process. Each unit follows commands from external software, which enables control of up to 10 locks. Built-in dedicated I/O and alarm relay ports allow for the integration of alarms, lights and sensors from one location. These can be controlled individually, in a sequence or simultaneously. "Should there be a greater need than 10 locks, the system can be expanded by connecting multiple units to the same network with ethernet cables to connect hubs to one network switch," Agnew added.

Remote digital security is an incredible weapon in the fight against theft, but its only as good as the network it runs on. OptConnect is one of North



America's leading providers of managed wireless service connectivity for micro markets, kiosks and ATMs. Founded in 2009 and based in Kaysville, Utah, the company provides a secure and reliable monitored wireless connection to the internet for unattended equipment that is easy, low-risk and convenient.

ADVERTORIAL | COMPANY PROFILE

What do Basketballs and Candy Bars have in Common?

My name is Mac Bolak. I'm the founder of Panoptyc – the micro market industry's leading loss prevention company. Panoptyc uses AI software and cameras to cut theft in micro markets by as much as 60 % to save operators thousands of dollars per year and countless hours reviewing footage. I'm often asked how I got into this tight-knit industry.

The journey began a few years ago when I was the manager for the men's basketball team at The University of Colorado. As a massive basketball fan, this was a dream job. Part of the job involved combing through hours of game footage and condensing games into only the highlights. I realized how simple mindlessly editing the footage was and thought that a computer could potentially do the job. At the time, I was taking classes on artificial intelligence. So I found the smartest computer scientists I knew and months later, we had a prototype to edit basketball footage using Al. A year later, we had raised capital and secured letters of intent from

premier college basketball teams as well as interest from NBA teams.

As college students with limited time we were unable to get our prototype to a commercial-level product as competitors outpaced us and gained mass adoption in the market. When a family friend approached me about how AI technology could help in his industry of micro markets, I was ecstatic to apply my technology background to help a strong and growing industry.

The rest, as they say, is history. By applying some of the same AI technology that allowed me to autonomously edit basketball games, Panoptyc has become a leader in micro market security by automating the loss prevention process. It turns out that detecting if a basketball is stolen isn't so different from detecting if a candy bar is stolen.



"We have spent over 12 years perfecting managed wireless services so that customers can focus on their core business strengths without having to deal with the delays, complexities and frustrations of typical cellular deployments," said Kevin Dalton, OptConnect's chief experience officer. "Ours is a complete plug-and-play solution so that operators and deployers don't have to manage security updates, patches and firmware updates on their own. We take care of all that for the highest level of security possible, and all the customer has to do is plug in the device and start using it."

OptConnect provides Connectivityas-a-Service for M2M and IoT applications that are simple, secure and easy to implement. In order to maintain industry standard protocols to ensure data integrity and security, the company offers wireless carrier private APNs utilizing private IP space to leverage against hacking and port scanning, as well as several secure VPN solutions including IPsec and OpenVPN tunnels. The devices are sealed in tamper-proof cases to deter the removal of individual carrier SIM cards, and OptConnect has 24/7 technical support teams that have the ability to locate and deactivate devices if necessary within minutes of notifying the support center.

To address security concerns at unattended or remote locations, Dalton recommends encrypting data before sending it over any wireless connection. "In the event that unauthorized access is gained, OptConnect has data usage triggers that will set off internal protocols within the system to contact customers," he said. "Our technical teams will then investigate the high data usage."

With the country in an era of economic uncertainty, one thing is for sure: Criminals are constantly looking for ways to enrich themselves at the expense of others. Thanks to companies like Panoptyc, Lock America, Camlock Systems and OptConnect, owners and operators can stay one step ahead in securing and protecting their assets.



About the author Scott Voisin is an Automatic Merchandiser contributor and has been a freelance writer for more than 20 years. He is also the author of a book series:

Hollywood's Familiar Faces

Discuss the Art and Business of Acting.

You know they're stealing from you, but how do you catch them?

panoptyc

Panoptyc's "Market Detective" product uses a combination of machine learning, smart cameras, and human DVR reconnaissance to uncover, investigate and catch micro market thieves.



Over 3,000 micro markets use Panoptyc's artificial intelligence loss prevention solution.

We want to help you stop theft!

Let us give you a free micro market theft review to help assess your exposure and potential shrink reduction.

SCHEDULE YOUR REVIEW TODAY hello@panoptyc.com or 313-425-5765



Vertex PureWaterCoolers

Great Income for Vending and OCS Operators



Water is the key to life, and Vertex believes they can help Vending and OCS Operators use water to expand their business with their full line of PureWaterCoolersTM. It turns out water coolers are an easy bolt-on to existing business. Vertex's National Sales Manager John Miller cites the conclusion of a 2012 study conducted by the National Automatic Merchandising Association (NAMA) – "WATER should be the "TIP OF THE SPEAR" for every company offering break room services!!."

Some key findings of that study

- 100% of the companies surveyed want high quality drinking water in their break rooms.
- 80% of the respondents specifically want FILTERED water as opposed to bottled water.
- Point-of-Use water solutions saved customers as much as 60% over traditional bottled water
- Savvy OCS operators turn that savings into additional sales of break room products and services



The appeal of pure water is also enhanced by its taste and the shift by consumers away from the sugary soft drinks that once led the cold beverage category.

Vending and OCS operators can play a valuable role in ensuring a safe, pure, good-tasting water supply in the locations they serve. Vertex has developed 2 new ways to keep users safe from the spread of pathogens in the workplace. The new Touchless dispense system works with 4 different 2-Temp PureWaterCoolers that use a proximity sensor to operate the cooler and provides totally hygienic operation. The new PWC-1800PD updates our most stylish 2-Temp water cooler with a foot-switch for hands-free cold water dispensing.

A Vertex Point-of-Use water dispenser is easy to maintain, with recommended maintenance only twice a year with a typical ROI at less than a year. The result is an unending supply of great tasting water where you need it whenever you want.

Vertex assembles and tests their products in-house to ensure the highest quality products. They stock a large inventory of systems and replacement parts for quick response to customers needs, as well as world-class customer support.

Vertex is an industry leader in water cooler innovation, and offers a wide range of products and technologies to serve their customers' needs. They have both Point-of-Use and bottled water models that look great, and have been engineered and built to provide years of service in the field. Their product line is broad, with 20 models to choose from. These include Ice-Makers, the Purechill - chill on demand models. attractive executive models, 2 and 3 temperature standard models, floor standing, countertop and bottled water coolers.

Vertex Water Products is a family owned company that manufactures bottle-less and bottled water coolers, reverse osmosis filter systems, and water conditioner systems for residential and commercial applications since 1998.

Vertex's motto:
Pure water for everyone.



Pure Water Cooler WERTEX

Cooler Innovation

Touchless Operation

Stay Safe with Touchless Dispenser

Proximity sensor with safety lock allows for hygienic operation

Standard Touch Control functions remain fully operational

Sensor Module includes
Time Dispense lockout for safety

4 models to choose from

Floor Standing or Counter-Top



Full Range of Filtration Products Available



(800) 627-2146

www.vertexwater.com



APITAL PROVISIONS, A TECHNOLOGYenabled rollup of several Southern California operations, is unlike any other vending company, its CEO Michael Lovett proudly proclaims. While many operators may question the rationale behind the company's operational approach, its margins, customer satisfaction and rapid growth trajectory speak for themselves.

"We're here to produce profit, not just revenue, which runs counter to the way most traditional operators run their businesses but is at the heart of our team's success," said Lovett. That team, he gushes, includes Chris Watson and Franco Benitez, the company's leaders in the field, who are supported by individuals skilled in finance, technology and operations who have extensive experience in the space, an entrepreneurial mindset and an absolute drive to succeed.

One of the things that makes the San Diego-based team's not-so-conventional approach possible is its use of technology, primarily Vagabond's software, telemetry and mobile payments products that together increase sales, connect machines and maximize operational efficiencies.

The Capital Provisions team is able to apply these technologies to their fullest capabilities in part because it was Lovett himself who founded Washington, D.C.-based Vagabond about a decade ago, prompted by his first venture as a vending machine operator. He's still on the board of Vagabond, but with the launch of Capital Provisions, is once again an operator but on a much grander scale. He's encouraging the hundreds of operators using Vagabond's platform to follow his lead in the way Capital Provisions leverages it to achieve unprecedented results in their business and is also hot on the acquisition trail to continue to expand his own.

BEHIND THE SCENES

First and foremost, Capital Provisions doesn't operate unconnected sale points, because according Lovett, if it's not worth the cost of connecting, it's not worth the cost of servicing.

All of the item-level sales data from every purchase connects to the cloud and is used by everyone in the organization to make decisions in real time. Mobile and web tools help Capital

Provisions make merchandising decisions on the fly, procure appropriate inventory, dynamically schedule service with no predetermined routes or schedules, pre-kit in the warehouse, and audit cash and products in and out of the warehouse.

Capital Provisions planograms every coil to the flavor and makes merchandising changes every visit – either par value, product or price – to match supply with demand.

"Most operators think we're crazy to spend what they see as too much time merchandising at every visit. But they also call people who drive 'drivers," Lovett remarked. "We call them service representatives, and they are at the top of our organizational chart. They're the face of the company and can enact the most change. We work hard to put every piece of data at their fingertips so they can make hundreds of minor changes every day with no two planograms or pricing being the same in order to ensure the supply in each sale point matches the demand of the consumers who frequent it."

LEVERAGING DATA

The team uses Vagabond to guide merchandising decisions to make changes daily to par value, price or selection with highly detailed data on what product is most successful at a particular price point and in what type of location for every sale point and every SKU.

"We use price as a lever to increase slower sellers, but also to slow high sellers, which may seem counterintuitive to most traditional operators," Lovett said. "But the biggest cost with vending is having to 'go,' and this approach of slowing some product sales and focusing on those with the highest margins allows us to 'go' less and focuses results on profits, not revenues."

Prekitting based on real-time sales data tailored to each machine allows the service reps to simply show up to the warehouse in the morning, turn the key, and they're off. And with no predetermined routes or schedules, anyone can service any vending machine or market.

Service reps only go when needed, and with machines merchandised to intentionally not sell out too quickly and last longer between visits, labor, gas and truck costs are kept to a minimum, which are the second, third and fourth highest expenses after product cost, Lovett pointed out.



Chris Watson. vice president of vending operations, brings a wealth of experience to **Capital Provisions** after selling his own vending operation, Golden State Vending, in 2016.



Director of route operations. Franco Benitez, checks a device to ensure service representatives have all the data they need at their fingertips to make merchandising decisions on the fly in the field.



Prekitting based on real-time sales data tailored to each machine allows the service reps to simply show up to the warehouse in the morning, turn the key, and they're off.

"Vagabond's telemetry network delivers realtime business intelligence to our team in the field to ensure we dispatch our team wherever they are needed at the right time," he said.

ONE SIZE DOESN'T FIT ALL

Capital Provisions works with Vagabond to merchandise the best mix of products across the operation to limit the amount of SKUs stocked in its warehouse and determine the type of places where each has the highest profit margin. "One product may sell for one price point in a hospital, another in a college and another in an office," Lovett instanced. "The only way to do it right is to put data in the hands of the service reps. We spend more time at each sale point than most operators, but because we do, it lasts one more visit than it would otherwise, which is why we team with highly professional sales reps. We would rather have a smaller team of high-caliber professionals that we compensate for their skill, commitment and partnership taking the time to do it right, tailoring products to consumers at each location, than a bigger team of less dedicated people who we pay less."

CONSUMER DRIVEN

Also less common in unattended retail is that Capital Provisions directly engages its consumers using Vagabond's backend platform in order to guarantee the best service and product selection possible to them.

Capital Provisions uses Vagabond's workplace payments application, called vīv, to enable

ADVERTORIAL | COMPANY PROFILE

Your lender - Firestone Financial

No other lender has the history, breadth, and depth of industry experience and the resources of Firestone Financial. In the last 20 years, Firestone Financial has funded over 35,000 loans for over \$1 billion in the Amusement and Vending industries.

As you start or grow your business, you're likely to consider equipment purchases. But how will you finance them?

Since Firestone Financial began lending directly to equipment-focused industries in 1965, customers throughout the U.S. have acquired billions of dollars worth of hard assets with our help.

Today, we provide competitive equipment loans to customers in the amusement, carnivals, parks, fitness, laundry, video lottery industries, and vending industries.

Whether you're a business owner, operator, equipment vendor, manufacturer, or distributor, you'll benefit from Firestone's:

- Approval ratio 94 percent of our loan applications were approved last year
- Seasonal payment structure pay when your equipment is earning



- · Deferred payments and customized terms
- Manufacturer sponsored programs
- Focus on long-term relationships 68 percent of our business is repeat borrowers

The equipment your business needs could be working hard for you – generating revenue and serving as collateral for your loan. To learn more, please contact scifala@firestonefinancial.com or abaggetta@firestone.com today.



mobile payments at its vending machines and kioskless markets as well as the ordering and fulfillment of pantry items.

"This provides consumers a beautiful buying experience and enables our team to engage with them," Lovett explained. "And, it allows us to influence them to buy high-margin products, products that generate high rebates for us, or products that are nearing expiration. This is where we are different than most operators. We even hold 'happy hours' during slow times by alerting consumers to temporarily reduced prices. This brings them back to the sale point for a 'mixer', and they buy multiple items while they're there."

Engaging consumers and using their preference data to influence what they buy through marketing and advertising works in the convenience services industry just as it does in all others, Lovett emphasized.

"Why would we still think vending has to be solely an impulse purchase when technology exists to drive consumers back to the sale point and encourage them to buy from us?" he asked.

"Matching supply with demand specific to each sale point maximizes revenues, margins and consumer satisfaction. Ours is the last industry that doesn't know who's actually buying. Most vending operators never even think about marketing to consumers or using consumer preference data to determine what to sell them. Every other industry on the planet does and we can too."

THE BACKSTORY

Lovett, a serial entrepreneur, entered vending from a finance background and a career that's always been rooted in technology. "Even Capital Provisions is a technology company," Lovett stated.

His first business startup was Critical Network Productions, a network integrator that was sold to Swisscom, the Swiss telephone company. Next, he launched CirrusWorks, a maker of network performance hardware for large buildings that is reportedly in due diligence to be sold to a Fortune 500 technology company.



Vagabond's vīv allows us to influence consumers to buy high-margin products, products that generate high rebates for us, or products that are nearing expiration.

- Michael Lovett, CEO, **Capital Provisions**





Chris Watson tunes up a machine for peak performance before sending it out to a new account.



Warehouse kitter Justin In uses Vagabond's warehouse features to prekit a bin.

In 2012, Lovett ventured into vending, which intrigued him because he was convinced that "a little tech could go a long way." Lovett created algorithms and operational methodologies that became the springboard for starting up Vagabond in 2013.

"When I bought my first vending machines to support me while starting my second business, it was also out of curiosity for what seemed to be the untapped potential of what could be done with vending," said Lovett.

He operated 10 vending machines that generated \$9,000 per machine per year in revenue through an operational method that became Vagabond and soon sold his vending machines to focus on the technology startup in partnership with Juan Jorquera, Bonnie

Trush and Mohammad Torabinejad, names no doubt many operators will recognize.

"With Vagabond, we created a network that supports hundreds of small operators across the U.S. that generate an average of \$6,500 per sale point per year, roughly twice the industry's average, because of the operational methodologies that Capital Provisions demonstrates and Vagabond enables," he said. "As long as they use the technology and methodology, it pays off."

Upon introducing Vagabond, Lovett found that many of the operators that wanted to deploy the technology were undercapitalized and couldn't afford the investment required to procure equipment, install it and train their teams. So in 2015, he partnered with Rich Boone, a long-time friend and lawyer based in New York City, to found Legend Capital, a small private equity firm that has since made investments into over 100 vending operators across the country.

Then in 2018, Legend Capital partnered with Jim Koehr of Sorin Capital Funds and Kyle Loughran, a driven entrepreneur with a finance background, to found Legend Foods, which became a large operator rollup on the East Coast. Lovett later sold his interest in the business.

CAPITAL PROVISIONS STARTS UP

In 2020, Lovett identified Southern California as a fragmented market with many small operators ripe for consolidation. Legend Capital launched Capital Provisions with several partners, including some of the same team that had created Legend Foods on the East Coast, and embarked on the eight small acquisitions that comprised the initial platform.

They spent most of that year integrating the operations and implementing Vagabond and other technologies. Capital Provisions currently provides vending, micro markets and office coffee service from 1,159 sale points in 520 workplace breakrooms in manufacturing, warehouse, office, school, recreation, hospital and hotel facilities. It currently serves San Diego, San Bernardino, Riverside and Imperial counties and will expand this fall into Los Angeles, Orange, Ventura and Santa Barbara counties.

"Simply servicing accounts properly produces a significant increase in revenues since acquired machines are often empty," Lovett said. "We do not have to add infrastructure upon small acquisitions, so they drop much of their revenue to our bottom line. New sale points increase route density, so our operating processes are more effective."

Coming out of the integration phase, Lovett said Capital Provisions has achieved 50% revenue growth in the first quarter of 2022. The number-one reason is that the company is bigger, with more buying power and denser routes, coupled with connected machines, cashless payments, dynamic routing and scheduling, and all the other benefits brought by the use of Vagabond and other technology upgrades.

"Capital Provisions started during the pandemic, in today's world, not in 2019's world," Lovett commented. "We don't care what happened before. We see higher margins and revenues and only an upward trajectory. The news has everyone believing everyone works from home. The reality is 162 million people work in America and 100 million never stopped working at their workplace, even in the spring of 2020, and there's as much opportunity as ever."

He added that in locations of all kinds – from warehouses to schools to hospitals and factories – many people can't work remotely. From Vagabond's data, in April 2020, vending

revenue was down 71%, according to Lovett. A few months later, it was back to 60% of prepandemic levels, and now vending revenue has returned to 85% to 90% of 2019's figures.

THE SKY'S THE LIMIT

"The market is enormous and we are growing organically and by acquisitions, which are two highly related strategies since acquisitions accelerate organic growth opportunities," according to Lovett. "The biggest and fastest impact to our bottom line is buying smaller companies and 'tucking them in.' Buying a small 'tuck-in' can drop up to 30% of the acquired revenue to the bottom line because when their trucks show up at our warehouse, their revenues are very quickly increased to our operating margins without adding additional infrastructure."

According to Lovett, the Southern California workforce spends about \$35 billion annually on food and beverages during the workday. That's about \$3,000 per year per individual, or about \$12 a day.

"Our industry is getting only about \$1.8 billion of that in Southern California," he said. "This is primarily because smaller operators are focused on selling snacks and drinks out of vending machines because they're too small to operate markets, so the majority of the spend - \$33 billion - is heading around the corner to the local deli. We only need a smidge of that to substantially increase revenues and margins. You can't do it unless you have markets and bill them a fair price for the food that they actually want to eat. You have to offer better than typical vending fare while managing theft, spoilage and menu rotation."

MICRO MARKET CONVERSIONS

This is why Capital Provisions converts every possible location with vending machines to micro markets, which is made economically feasible, even in small accounts, by Vagabond's vīv kioskless point-of-sale solution that simply uses the customer's smartphone.

"Small companies may have trouble operating micro markets because they don't have the scale to stock fresh food, manage theft and eliminate spoilage," Lovett said. "So every one that we acquire presents built-in organic growth opportunities. Converting a vending account to a market can increase revenue by two to four times."

The company sources its fresh food and meals from local delis that deliver to its markets and sells them for as much as \$13 a piece.

"We bring the delis to our customers, and it's actually something they want to eat, versus the packaged triangle tuna sandwich that our industry typically decides they want," he said. "We ask consumers what they want by engaging them with the technology we deploy, and that's what determines what we offer, made fresh to order, and they're willing to pay a fair price for it."

In addition to markets, Capital Provisions is ramping up its coffee and pantry business as it gets its legs. It is focused on efficient vending operations first, markets second, and it sees coffee and pantry as areas that will add significant organic growth.

ACQUISITION DRIVEN

According to Lovett, 55% of workplace breakroom revenue is earned by the top 5% of operators and 45% of the breakroom food and beverage spend — or \$810 million — is generated by the smallest 95% of operators, prime for acquisition.

"The U.S. vending market is huge but extremely fractured with around 8,000 operators, the vast majority of whom are small, undercapitalized, inefficient ... and generating relatively meager profits because of it," Lovett stated. "Our goal is to package up small operators, create high margins by bringing them online, establish professional business practices, and build the region's preeminent workplace breakroom services provider. At the same time, we want to partner with sellers to provide them a fair outcome for their years of hard work and potentially bring them along for the ride if the work is a fit for their life goals."

FULL STEAM AHEAD

To better support its plans to continue to "roll up" the vending market in Southern California, Capital Provisions will soon consolidate its warehouse operations into Riverside, a centrally located oasis for distribution plants in the region. This will serve as the central location where all inventory is received, kits are prepared for the next day's service, and then delivered overnight to regional depots.

This will allow the company to centralize business administration and apply its buying



Capital **Provisions**

Founded: 2020

Headquarters: San Diego, CA

Website: capitalprovisions. com

Number of routes: 8

Number of acquisitions: 9

Number of vending machines: 1,133

Number of micro markets: 26

Technology providers: Vagabond (VMS, telemetry, mobile credit card payments. markets); Nayax (traditional credit card payments); Fixturelite (market fixtures)

Distributors: Pepsi, Coke, Vistar



While Capital
Provisions seeks
to keep cash to a
minimum, daily
cash accountability
remains a priority to
establish trust in the
organization.

power by procuring into one warehouse and streamline local operations with denser routes. It will also improve the quality of life for its team, Lovett added, by allowing its employees to live closer to work and avoid time on the road to and from.

The team behind Capital Provisions is made up of professionals who have directly helped build hundreds of small operators for a decade, and its

board of directors includes individuals who have built and sold hundreds of millions of dollars' worth of businesses inside and outside the vending industry.

On the leadership team are Chris Watson, vice president of vending operations, who sold his own vending operation, Golden State Vending, in 2016; Franco Benitez, director of route operations,

who joined Capital Provisions upon the acquisition of Century Vending's San Diego operations; and cofounder and COO Bonnie Trush, one of Lovett's partners at Vagabond.

"We're lucky to have experienced professionals who have done this before. All credit goes to the team, which has been relentless and swift in execution of our business plan," he said. "Our goal is always to keep all employees we acquire, and we pay top dollar, but they need to execute to our policies. We've been lucky to keep some top-rate operators and employees, but it does not always work for those who are hesitant to adopt technology, and a majority of sellers are ready to retire when we buy them."

Next in the works for Capital Provisions is executing in-progress acquisitions and partnerships with established operators in San Diego, Palm Springs, Riverside and Los Angeles this summer, which will add route density with additional accounts in existing markets.

Marketplace

Inquiries to Tami Morrell: Phone: 708-917-1786 Email: tmorrell@endeavorb2b.com

VENDTRONICS, INC.

Memphis, Tn (901)365-5400

RELIABLE VENDING SERVICE & REPAIR

vendtronicsinc@yahoo.com

Saverino & Associates, Inc.

Sales & Marketing Specialists



Frank Saverino, Sr. Founder - CEO

Ph 630-868-2626 Cell 708-373-4376 Fax 630-597-2809

538 Randy Road Carol Stream, IL 60188-2122 franksr@TeamSaverino.com

www.TeamSaverino.com





SELLING?

Mike Ferguson - VMAC Solutions has over 32+ years' Vending & OCS industry experience, an ex-operator turned intermediary business broker. I speak fluent Vending and Office Coffee.



All conversations are confidential!



Contact Mike@VMACsolutions.com or 713-569-6463

SOCIAL HUBS

Follow us on social







linkedin.com/ company/2233840

Follow us on **Twitter**



Mondelēz International to acquire Clif Bar & Company, a U.S. leader in fast-growing energy bars. www.bit.ly/3bdULv8





Borg & Overström introduces advanced water dispenser: The B6 unit packs advanced water dispenser technology into a sizeefficient, office space-friendly dimensions. #officecoffeeservice www.bit.ly/3SdefB0



Like us on **Facebook**



Automatic Merchandiser & VendingMarketWatch.com

Massimo Zanetti Beverage USA dedicates new distribution center. #coffee www.bit.ly/3otycFV



Automatic Merchandiser & VendingMarketWatch.com

The Nova Market self-checkout kiosk, a modular and affordable self-checkout point-of-sale, is now available for purchase at Nayax's ecommerce shop for U.S. markets. #unattendedretail #selfcheckout #cashlesspayment #micromarket www.bit.ly/3PWUUBW



Follow us on Facebook for the latest industry news.

Join Us on LinkedIn

Automatic Automatic Merchandiser & Vending VendingMarketWatch.com

NAMA announces Marc Whitener of Refreshment Solutions to chair 2022-2023 board of directors. www.bit.ly/3NUrTGI **#NAMA** #convenienceservices #vending #micromarket #officecoffeeservice



Join us on LinkedIn to stay up-to-date on announcements.



Register Now coffeeteaandwater.org

