

Automatic MERCHANDISER

Convenience services for vending,
micro markets and workplace beverages

Fresh Take

Ohio's Maumee Valley Group
celebrates 75 years with food refresh
and micro market momentum

page 34


**Office coffee's
location recovery**
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MICRO MARKETS
**Reopened
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On the cover: Todd Plassman (right) and his sons Jordan and Jacob (left) carry on the legacy of Todd's father, Donald, who worked for Maumee Valley Vending as its general manager during the operation's early days. Image provided by Maumee Valley Group

ONLINE EXCLUSIVES

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

Interviews, Expert Insight & Tips

OCS Operator

Strategies for the new office coffee landscape



Bob Tullio

FIVE MAJOR RISK FACTORS EXIST IN THE NEW OFFICE coffee service landscape. If we fail to overcome these, OCS will be commoditized at a new level – one that gives the upper hand to Amazon, Costco and other delivery alternatives. Be aware of these five risks as business returns: outside competition, touchpoint paranoia, drip coffee profit loss, Zoom bait and smaller offices demanding more. VendingMarketWatch.com/21223124

Q&A | Cryptocurrency payments

VMW editor Nick Montano caught up with Cantaloupe CTO Ravi Venkatesan to discuss the role that cryptocurrencies will play in the unattended retail space. Venkatesan answers questions about the cryptocurrency landscape and why it will be an important part of the operator's business.

VendingMarketWatch.com/21222366



Ravi Venkatesan

First Time | CTW education pairs with The NAMA Show

Let's face it, "business as usual" is no longer in our vocabulary. As we developed the education program for The NAMA Show and Coffee Tea & Water – Together in 2021, we were charged with pairing the historical excellence of CTW education with the one-of-a-kind trade exhibits of The NAMA Show – a convergence happening for the first time.

VendingMarketWatch.com/21224532

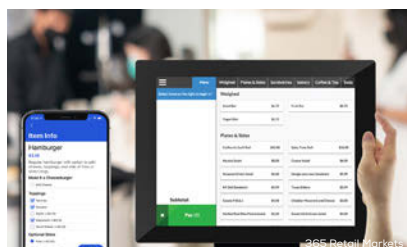


Ben White

Special Report

Micro Market

St. Louis firm uses dining platform to compete



MICRO MARKET NEWS

Executive Dining is no stranger to change. It was formed in 2001 with a mission to provide restaurant-quality food to workplaces. Two decades later, it is meeting the fresh food needs of offices and industry with 365Dining technology.

VendingMarketWatch.com/21220995



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MMXX: Operators survive and adapt



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“

Will the pandemic be a blip on the industry's radar?”

THERE'S NO QUESTION THAT 2020 WAS A HISTORIC YEAR FOR

the United States and world, and an extraordinary (and very painful) year for many of the nation's vending, micro market, office coffee service and contract foodservice businesses. The economic crisis brought on by the COVID-19 health crisis was unprecedented in its scale.

Last year in this column, my predecessor, Abby White, had the unusual assignment of reporting on a record year for convenience services – sales rose 3% to \$24.2 billion in 2019 – just a few months after the coronavirus had ambushed the U.S. economy in March 2020, subsequently shutting down most of the industry's equipment and locations. This year, *Automatic Merchandiser's* State of the Industry report is showing a total sales decline of 45%, a loss of nearly \$11 billion. What a difference a pandemic year makes.

The vending and micro market industry has never experienced the abrupt changes that occurred in 2020. Will the pandemic be a blip on the industry's radar? Or will it have long-term lasting effects on the way vending and micro market operators do business? Probably both.

We believe that operators whose businesses survived the 2020 pandemic year have a very good chance to prosper as the economic conditions improve. And they have the technology to succeed; the industry's adoption of new methods and new tools almost always had been accelerated by an economic downturn (why change when times are good?). If that's true, then imagine what far-reaching advancements a pandemic can procreate for an industry that survives it.

The recovery is underway and is predicted to hasten in September 2021. The Group of 20 economies all saw their gross domestic product return to pre-pandemic levels in the first quarter of 2021. China, where the coronavirus pandemic emerged, recorded the highest annual growth (18.3%). In the U.S., real GDP, the sum of all goods and services produced in the economy, jumped 6.4% in the first quarter. Widespread vaccinations and more government spending helped get the U.S. closer to where it was before the pandemic struck.

However, just how and when the recovery and booming economy will affect the operator's future remains to be seen. In the comments portion of our survey, the main concern voiced by operators was [paraphrased]: “will the shift to remote work become long lasting and dampen our business at corporate office accounts?”

To be sure, the performance of vending, micro markets, coffee service and contract foodservice has always been tied to employment, but that relationship may no longer apply to these channels.

Automatic Merchandiser's State of the Industry report, which begins on Page 18, is made possible by operators who take the time to complete the survey. We are grateful to those who undertook the task and salute all operators who survived 2020.

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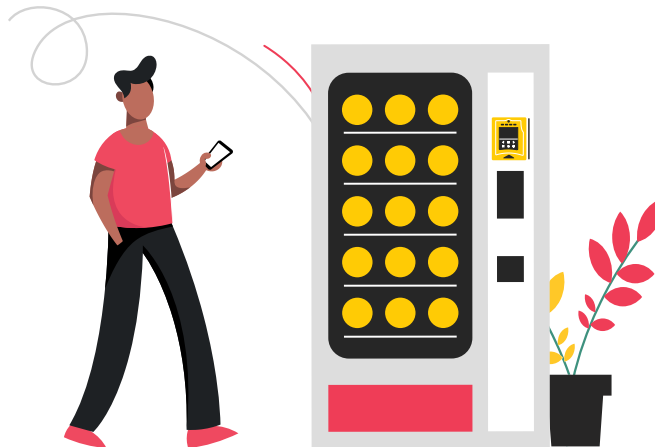
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Retrofittable



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reporting system



4G LTE, EMV
(tap/insert enabled)



Future-proof

TOP NEWS

ColdSnap hopes to bring single-serve frozen goodies to breakrooms

[INNOVATION]



Measuring just 9" W. x 17.5" D. x 17.25" H., ColdSnap is similar in size to a single-cup coffeemaker.

THE MAKER OF CES SENSATION

ColdSnap, an appliance that creates frozen novelties just like a Keurig brewer does for coffee drinks, wants to disrupt the global ice cream industry. Matthew Fonte, founder of Boston-based ColdSnap Corp., also envisions his on-demand concept becoming a novelty in workplace breakrooms and micro markets.

Insert pod and voila!

Barcoded ColdSnap pods look like slender aluminum beverage cans (same size as Red Bull's) and insert at the top of the machine. The machine's compact compressor and condenser system freezes the liquid ingredients inside the pod. It takes from 60 to 120 seconds to make a ColdSnap item. Pods can be stored for nine months or longer at room temperature.

- ColdSnap is planning to begin commercial trials in August. Visit coldsnap.com.



NayaX makes history as largest high-tech IPO on TASE

The NayaX IPO in May was the largest in the history of Tel Aviv Stock Exchange High Tech Sector in terms of both the company value and the amount raised. Fintech leader NayaX is joining 42 new companies that listed on TASE since the beginning of 2021, raising, together with NayaX, a total of \$1.5 billion. NayaX is included in TASE's technology sector, which currently comprises shares of 114 companies, with a \$63.6 billion market cap. **VendingMarketWatch.com/21223836**



Cantaloupe Inc. launches on Nasdaq (so long USAT)

USA Technologies' official name change to Cantaloupe Inc. and its ticker symbol to "CTLP" transpired on April 19. The reimagined corporate identity is central to the fintech company's vision to help the world buy it and go. "This new chapter will help us drive the industry forward; tapping new opportunities that create value for customers and stakeholders," said Cantaloupe chief executive Sean Feeney. Cantaloupe has more than one million

active devices, which will help grow its new digital payments products.

VendingMarketWatch.com/21218998



PayRange app hits one billion milestone

Claiming to process more transactions a minute than bitcoin, PayRange Inc. is gaining momentum. With rapidly growing numbers of users and locations, the payment network recently celebrated the recording of one billion cash and mobile transactions.

VendingMarketWatch.com/21219004



Aramark to buy Next Level Hospitality

Aramark has signed an agreement to acquire Next Level Hospitality, a provider of culinary and environmental services in the senior living sector. Founded in 2017, Next Level, specializing in skilled nursing and rehabilitation facilities, serves hundreds of locations in the U.S., primarily on the East Coast and in the Midwest and Texas. The deal will close in Aramark's fiscal third quarter. Next Level generated about \$160 million of revenue in the past 12 months.

VendingMarketWatch.com/21220663



Back to IT

NAMA
NAMA

Back To It guides convenience services

NAMA's new initiative supports the industry as it navigates demand coinciding with Americans getting back to work, play, travel and eventually the classroom. Back to It includes newly released reopening guidelines, access to business intelligence and opportunities to interact with industry peers on timely topics relating to channel performance, demand and the supply chain. Visit namanow.com and look for the association's reopening guidelines. **VendingMarketWatch.com/21226183**



Auxiliary Kiosk is less than a foot wide

Avanti Markets' first new kiosk option in four years is also the most compact in the company's fleet, measuring 31" H. and 11.5" W. Equipped with a 15" monitor and touchless features, it bolts to a countertop or wall, or mounts on a pedestal (sold separately) for freestanding placement. Accepting all common cashless payments, it can be deployed on its own for

small stops or as a second POS device in busy venues. **VendingMarketWatch.com/21222101**



Canteen takes Bake Xpress nationwide

Le Bread Xpress Inc. is partnering with Canteen to operate Bake Xpress robotic bakeries nationwide. Bake Xpress prepares and vends pastries, pizza and artisan sandwiches. Canteen has been operating them in since 2019. Canteen innovation chief Michael Coffey said Bake Xpress provides fresh food around the clock to complement staffed cafeterias, or unattended break areas and micro markets. **VendingMarketWatch.com/21224437**

MORE ONLINE



Tennessee House eases micro market regulations, taxes

VendingMarketWatch.com/21220460

Legend Food Service acquires two metro DC operators

VendingMarketWatch.com/21221562

Cereal Bowl Bot pilots at universities

VendingMarketWatch.com/21224350

Mondelēz buys Europe's Chipita

VendingMarketWatch.com/21224538

PEOPLE IN THE NEWS



Fraser

NAMA communications director

Amy Fraser joined the vending association as director of communications. She now leads NAMA's marketing strategies, public relations and internal communications. Her past experience includes stints at the Consumer Brands Association and MilkPEP.



De Saint-Affrique

Danone selects new chief executive

The multinational food concern has chosen Antoine de Saint-Affrique as its chief executive, effective Sept. 15. He succeeds Emmanuel Faber, who departed the company in March, and comes to Danone from chocolate-maker Barry Callebaut.



Albert

Aramark reprise

The foodservice and facilities giant tapped Debbie Albert senior VP of corporate communications. The media pro previously worked in Aramark's communications department from 1995 to 2010.



Oberkfell

IFMA chief to step down end of year

Larry Oberkfell will end a 12-year run as chief executive of the International Foodservice Manufacturers Association when his contract expires at the end of the year. A search for a successor is underway.



Mills

PFG's new diversity leader

Claudia Mills, formerly of Altria Group Inc., Performance Food Group's new vice president of diversity and inclusion. PFG said Mills fills a vital role on its human resources leadership team.



Edwards

Illycaffè taps president, North America

Coffee leader illycaffè appointed Jack Edwards president of its North America business. Edwards is a seasoned executive who previously spent two decades with spirits and beer distributor Diageo.



Manufacturers weigh in on office coffee's location recovery

How their hi-tech brewers can revitalize breakrooms

By Nick Montano, Editor

THE COVID-19 PANDEMIC HAS

changed all segments of the convenience services industry, and none more than office coffee service. OCS has absorbed the biggest blow because of the rapid and unexpectedly lengthy shift to remote work at home for millions of Americans.

As employees begin to return to offices, albeit slowly, OCS operators are planning for new opportunities in the modern-day breakroom. The new role of the breakroom as the workplace coffee hub remains unknown but is certain to be transformed in many instances. The deployment of hi-tech brewers, which are easy to use and operate, is expected to continue to rise. Providing coffee-

house-quality beverages will be a primary focus for operators as employers seek to accommodate the sophisticated tastes of employees.

As the pandemic winds down and vaccinations become more widespread, *Automatic Merchandiser* spoke to seven leading commercial coffee equipment manufacturers in the OCS space to glean their predictions on a recovery and to learn how their coffee brewing technology can benefit operators and patrons. Bravilor Bonamat, Bunn-O-Matic, Coffea, Crane Payment Innovations, Eversys and RC Coffee, along with tech startup Griin, agree that a meaningful recovery will soon be underway.

CPI: COTI

Part of industrial giant Crane Co. and based in Malvern, PA, Crane Payment Innovations manufactures payment and unattended retail technologies, including coffee solutions. Offered in freestanding and tabletop formats, its machines brew quality coffee, espresso and tea beverages, with a focus on premium dispensing that demands higher price points for operators and a barista-style experience for customers.

When it comes to a workplace population recovery, CPI vice president of vending Chuck Reed pointed to Global Workplace Analytics, which predicts a "return to new normal workplace density" in the second-half of 2021. "Our expectations are

consistent with GWA, which sees roughly one-quarter to one-third of the workforce working remotely at any given time," Reed said.

Reed noted that other statements from larger industry players have also settled on this hybrid work expectation with varying degrees of remote and at-work expectations. "Only 10% of companies surveyed by the independent media organization Reset Work expect a fully remote or at-work environment post pandemic," he said.

"The hybrid approach to most office returns will force operators to reevaluate how they deploy equipment," Reed advised. "However, with fewer people in the [at-office] workforce and a greater customer demand for self-service and reduced human interaction, we anticipate



COTI is CPI's freestanding premium hot beverage machine. It is designed to provide OCS operators and coffee roasters with a customer-focused dispensing solution.

Crane Payment Innovations



there is more room for self-serve OCS products versus traditional cafeteria models that require constant cleaning, refilling, etc. Products that leverage fewer touchpoints and higher capacity will help shift the customer mindset to OCS as a clean, reliable solution."

Introduced to the U.S. market in late 2020, COTI is CPI's new freestanding hot beverage machine. It provides both OCS operators and coffee roasters with an elegant customer-focused dispensing solution. Equipped with a 21" HD, full-motion video touchscreen, COTI is optimized for a digital-forward, intuitive user experience that is well suited to earn incremental revenue through digital advertising.

COTI offers a full range of instant (soluble) beverages, along with bean-to-cup fresh-brews and espresso drinks.

CPI's flagship coffee machine supports over-the-air connectivity, customization of screen visuals and physical graphics, as well as customizable menus and beverage options. CPI's machines are available with retrofit or 100% integrated payment systems. COTI measures 28" W. x 30.9" D. x 72" H. and weighs 425.5 lbs.

COTI combines Crane Merchandising Systems' hi-tech brewing technology with an attractive machine design that complements any location.

Crane Payment Innovations

“

The hybrid approach to most office returns will force operators to reevaluate how they deploy equipment."

Chuck Reed,
CPI vice president of vending

"In a time when consumer demands are rapidly evolving with a focus on self-service and frictionless buying experiences, we believe COTI meets the need of the modern consumer, while providing operators with a reliable machine that demands a higher price point through a premium coffee experience," Reed said.

BRAVILOR BONAMAT: SEGO 12

Founded in 1948 by A.J.M. Verheijen in Amsterdam, Bravilor Bonamat LLC today is a third-generation family-owned business that develops and manufactures coffeemaking equipment at a world-class facility in The Netherlands. Its products are distributed worldwide through 11 branch offices and distribution sites. In the U.S., from its office in Aurora, IL, Bravilor Bonamat is focused on bean-to-cup solutions that offer unique brewing methods, a low corrective service rate, competitive pricing and quick financial returns to operators.

In looking at new workplace trends, Bravilor Bonamat said the most significant data it has studied show gaps between employees' desires to maintain a flexible work-at-home lifestyle, and employers' beliefs that workers need to be in the office – at least for a portion of the week – to maintain a productive corporate culture.

The coffee equipment company leverages data from the National Coffee Association, its customers in Europe and the U.S., and the Small Business Administration.

"These transitions may take time and require OCS operators to provide flexible solutions that are cost effective but still meet the employees' demand for upscale beverages," said Arjan de Groot, vice president of Bravilor Bonamat's North America segment. "Our focus is on value, returns, reliability and aftersales support."

Bravilor Bonamat's star whole-bean coffee machine for the new normal is the SEGO 12, which was created for small-to medium-size offices accommodating between 20 and 100 employees.

SEGO is engineered to be an economical solution that can acclimate to changing staffing and location sizes, while meeting the demand for high-quality specialty beverages. De Groot noted that upfront costs of larger bean-to-cup units could impede return on investment in office environments through and

following the pandemic.

The reduction in consumption during 2020 has made it a challenge to keep large bean-to-cup units in operation within the original contract and consumption terms. "This situation has forced sales teams to concentrate on high-head count consumption rates per location, limiting the available opportunities," De Groot said. "The SEGO fills the gap between cup, pod, pouch and single-cup solutions and larger bean-to-cup machines."

The SEGO 12 brewer measures 12.32" W. x 17.72" D. x 23.15" H. (35.63" H. when lid is open). It weighs 55 lbs. It supports industry-standard payment systems. Bravilor Bonamat also has a touchless ordering app that uses NFC technology.



Bravilor Bonamat's SEGO 12 whole-bean coffee machine is designed to brew for offices with 20 to 100 employees.

Bravilor Bonamat



Eversys's bean-to-cup Enigma e4m yields "true coffee quality" and nondairy milk options.

Eversys

EVERSYS: ENIGMA E4M

Switzerland's Eversys S.A., founded in 2009, is known for its "super traditional" espresso equipment used in offices. It was one of the first coffee machine manufacturers to introduce a contactless ordering solution during the pandemic.

"We saw the growing need for espresso equipment for micro markets and self-serve environments," said Eversys director of business development Daniel Kim. "So, we already had the ability to support the industry with credit card payment integration, contactless and touchless ordering, and custom applications for mobile payments."

As the pandemic nears its end, Kim believes the hybrid work environment, time split at home and at the office, is the future. And when at the office, employees will crave espresso beverages on par with what they buy at a high-end coffeehouse or retailer, he said.

"Our clients are hard at work to ensure a measured and safe return to the workplace," Kim said. "We have implemented simple solutions to quickly lock the LCD screen, to wipe and sanitize the touch areas. And customers can order via a mobile phone for a touchless process."

For the office coffee service market, Eversys's flagship model is the bean-to-cup Enigma e4m, which makes "true coffee quality at a touch of a button." To meet growing demand for nondairy milk options, the Enigma offers several creamer selections. Nondairy and dairy milk can be split between the left and right spouts, with zero cross contamination and zero milk waste.

Originally called the E'line, the new Enigma touts the brand slogan "Decoding the DNA of Coffee." Enigma combines aesthetics with in-cup quality and consistency.

The Enigma e4m measures 22" W. x 23.6" D. x 28.1" H., weighs 206.8 lbs., has a power consumption rating of 30A and includes two bean hoppers. It can connect to the internet by LAN or WiFi (using an external dongle) or by 4G modem with a data plan. Operators can use a smartphone to view the status of their online Enigma machines.

Additionally, the Enigma accepts credit cards at its integrated payment terminal. Eversys can build custom applications for payment and app integrations and can accept custom and some campus cards.

THE RISE OF DIGITAL PAYMENTS IN VENDING

In a recent study conducted by
Michigan State University (MSU),

122,000 vending machines powered by Cantaloupe's cashless platform were evaluated to determine the use of digital payments during the pandemic.



CASH SALES

Over 12 months, the usage of cash **declined from 48% to 36%.**



CONTACTLESS

The usage of contactless credit cards **increased 57%** from 2019 to 2020.



DIGITAL PAYMENTS

In April 2020, **more payments were made using digital options in place of cash.**

Download the results from the entire MSU study!

Visit bitly.cantaloupe.com/msu21-am



RC Coffee's small-footprint Robo Café is an ideal hot beverage solution for retail spaces and office buildings. Equipped with dual spouts, it can serve multiple beverages in less than two minutes.

RC Coffee

“

We're confident that the appetite is there and the shift back to normal is underway.”

Adam Lang, RC Coffee marketing manager

RC COFFEE: ROBO CAFÉ

A convenient authentic espresso experience is where it's at for RC Coffee, which strives to please the discriminating palates of coffee-lovers with its state-of-the-art self-serve technologies. RCC opened Canada's first Robo Café in downtown Toronto last summer. The kiosk robotically served premium grade specialty coffees, performing all functions of a human barista.

RCC said the small footprint Robo Café also is an ideal coffee solution for office buildings. Equipped with dual spouts, the espresso machine can serve multiple beverages in less than two minutes, easily handling high-volume stops. RC can partner with any roaster to create a “micro café” that maintains quality.

This year, RC Coffee is introducing three new Robo Café products. First up is the Robo CaféLight, a slimmed-down version of the original kiosk. It fits through a standard 30" wide doorway. Also new is the Solo Café, a compact self-serve barista solution for offices that offers users specialty coffees from an online menu. Features include a sleek Android box, an unattended Ultra VX payment reader by KioSoft and an Eversys espresso machine. Solo Café users scan a QR code to enter their order and tap a preferred payment option to activate the machine. Lastly, RCC is adding cold brew products to the Robo Café menu.

Boynton Beach, FL-based KioSoft Technologies, an unattended payment solutions developer, is a sister company of Toronto's RC Coffee.

Despite some elements of the pandemic-induced work-from-home routines re-

maining, RCC thinks workers will soon be returning to offices in large numbers. A good recovery indicator for RCC is Starbucks, which is reporting a rebound to pre-COVID sales.

“We're confident that the appetite is there and the shift back to normal is underway,” said RCC marketing manager Adam Lang. “We're preparing by developing self-serve espresso bar solutions that are easy-to-use, contactless and, most importantly, deliver a barista-level experience via automated technologies. Consumers are shifting behavior to autonomous self-serve systems in the wake of the pandemic.”

Robo Café espresso machines grind whole beans, tamp the fresh grounds and froth milk – everything a human barista does. Thanks to KioSoft's all-in-one Ultra VX reader, Robo Café accepts such payments as contactless, NFC, debit, credit card, mobile wallets and the RC Coffee app; traditionalists can even insert or swipe.

COFFEA: LIMITLESS VACUUM EXTRACTION

Quebec City-based Coffea Group Inc., founded in 2007, said it is revolutionizing the way coffee is brewed with its invention of “limitless vacuum extraction” brewing systems. These systems create significant cost savings while offering a substantially better product, according to the company.

Limitless vacuum technology enables the precise control of all variables that contribute to brewing flavorful coffee. As detailed by Coffea president Alexandre Radosa, this patented brewing system extracts a “remarkable aroma, an exceptional body in the mouth and even the most subtle notes to taste into every cup of coffee.”

Coffea's technology integrates traditional methods of siphoning coffee into a super automatic bean-to-cup brewing system. As a result, Coffea can merge the subtle precision of historical brewing traditions with today's state-of-the-art technology.

Introduced two years ago, the company's topline machine is the Coffea NEXT 3.0, said to be the world's only limitless vacuum extraction coffee brewer. The NEXT Duo, a paperless version, will be unveiled in fall 2021. From bean to cup or leaf to cup, paper (or bag) or paperless (or bagless), the NEXT machines are a continuation of Coffea's pursuit of flawless coffee aroma and taste using vacuum extraction techniques.

According to Radosa, NEXT is the first machine that can prepare regular and iced coffee (and regular and iced tea) in the same machine. Two separate brewing systems and cycles prevent cross contamination. “For the first time in OCS, operators can serve fresh coffee and green tea in the same machine without cross contamination,” the Coffea president said.

Constructed of 100% recycled U.S. stainless steel, Coffea NEXT 3.0 measures 15" W. x 20" x 36" H. (4" clearance is needed at the top) and weighs 75 lbs. A plumbed connection is required, and a water filter is suggested. It stows three 10-lb. whole containers and three 4-lb. premix soluble containers. The MDB machine supports cash or cashless payments, and it's equipped with several USB ports.



Coffea NEXT 3.0 is said to be the world's only limitless vacuum extraction coffee brewer. From bean to cup or leaf to cup, a NEXT brew is known for its aroma and quality taste.

Coffea Group Inc.



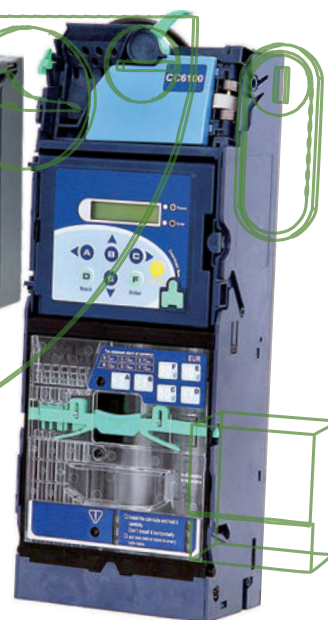
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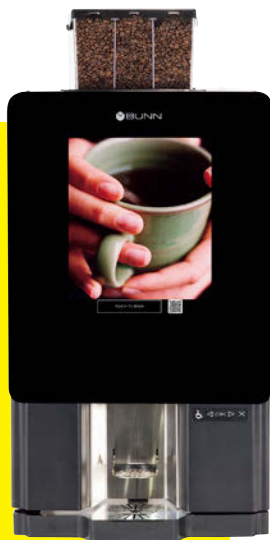
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BUNN: BEAN-TO-CUP PERFECTION

When it comes to understanding and responding to customer desires, Bunn-O-Matic Corp. offers a full line of equipment options for operators. BUNN's commercial OCS portfolio includes brewers and systems for traditional drip-coffee, modern bean-to-cup, espresso, single-serve and pod options, cold brew and iced coffee, along with grinders and cold/hot water dispensers, among other beverage solutions.

As refreshment operators prepare for the new normal, Bunn-O-Matic is positioning the BUNN Sure Immersion bean-to-cup brewer as its best office solution. The Sure Immersion grinds

and brews fresh coffee on demand. Features include a vibrant touchscreen; a menu offering a variety of single-serve coffee beverages with two options for flavored powders; and three bean hoppers.

BUNN introduced Sure Immersion, which is made in coffee and espresso versions, in 2017 and has since added design improvements to the original models. The latest models support BUNNlink remote monitoring, VirtualTOUCH touchless selection and dispensing, and picture-prompted cleaning. A barcode ordering option and cashless payment acceptance reduce contact points.

Sure Immersions' setup dimensions are 20.1" W. x 23.8" D. x 40.3" H. It requires a plumbed water connection.

Mike Hoeft, a Bunn sales vice president, said bean-to-cup coffeemakers benefit both the consumer and operator. For consumers, bean-to-cup provides a pleasant sensory experience: they can see the beans in hopper, hear them grind and smell the aroma – and they can always get a fresh cup of coffee on demand. For operators, these systems reduce coffee waste and labor, while driving up same-store sales as a result of superior quality.

Citing data from this year's National Coffee Data Trends Market Research Series, Hoeft observed that the number of bean-to-cup brewers in offices grew 5% in 2020.

"This was the only increase of equipment placements in workplaces last year...nothing else was growing," he said.

"Employees are looking for a better cup of coffee at work," Hoeft emphasized. "They want a coffeehouse experience at the office, and employers are looking to reduce contact on common surfaces coming out of COVID."

Information Please

Bravilor Bonamat
bravilor.com/en-us

Bunn-O-Matic bunn.com

Coffea Group coffea.ca

Crane craneapi.com

Eversys eversys.com

Griin griin.tech

RC Coffee rccoffee.com



The "griin roaster" is an on-demand green coffee bean roasting solution that is compact, clean and automatic. It integrates with any bean-to-cup machine (top mounting).

Griin

GRIIN: GREEN-TO-CUP

While bean-to-cup technology replicates coffeehouse quality in the office, imagine having the ability to roast raw green coffee beans in a compact appliance next to a brewer. Sounds farfetched? "Green-to-cup" will soon be possible.

Coffee tech company Griin is doing just that. Griin developed an on-demand coffee roasting solution that is compact, clean and automatic – and is compatible with any bean-to-cup machine (top mounting). Called the "griin roaster," the unit will be coupled with a subscription of premium green coffee beans. This creates an opportunity for OCS operators to increase their margins by switching to purchasing green beans. It also allows them to differentiate themselves from the competition by offering a premium, fresh and environmentally friendly solution to their customers.

Griin, founded in 2019 in Israel, unveiled its eponymous roaster at the at MAE café, a specialty coffeehouse in Tel Aviv. It is now running a pilot in select offices in Israel and is expected to begin its U.S. pilot later this year.

The fully automatic griin roaster, which turns green beans to brown in about 90 seconds, was engineered to operate in office environments without smoke emission, ambient heat or noise. The roaster's daily 4 lbs. throughput, which can yield up to 200 cups, will produce a coffee beverage that surpasses the quality and freshness served at boutique coffeehouses.

"The product is fully integrated on top of any bean-to-cup coffee machine, allowing OCS operators to easily deploy it on top of – no pun intended – their existing installed base without additional CapEx investment," a company official said.

The griin roaster allows OCS operators to provide 100% traceable, directly traded and premium-grade coffee – without the high price tag that usually comes with those attributes. The company underscored that its compact environmentally friendly roaster can help reduce the end client's carbon footprint.

Another benefit to operators is shelf life. Green coffee beans can last between six and 12 months, depending on how they are stored and the conditions in which they are held, compared with six weeks for roasted beans, or one to two weeks for ground coffee. ■

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2020: What a difference a (pandemic) year makes

COVID-19 puts big dent in 2020's sales through vending channel – micro markets help prevent total free-fall

By Nick Montano, Editor

CHART 1A: Industry revenue in billions

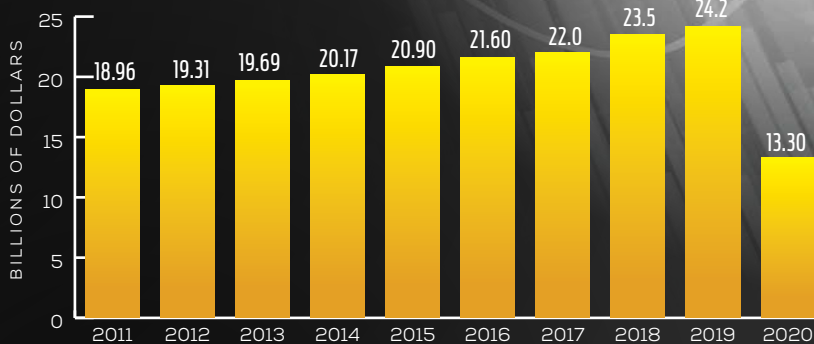
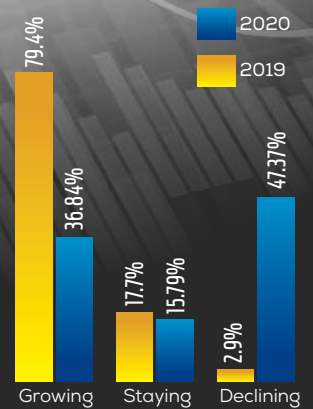


CHART 2: Operator sales

SIZE	REVENUE RANGE	% OF 2020 OPERATORS	PROJECTED 2020 SALES	% OF 2020 SALES
Small	under \$1M	68.2%	\$1B	7.5%
Medium	\$1M - \$4.9M	24.3%	\$3B	22.3%
Large	\$5M - \$9.9M	2.1%	\$2.2B	16.7%
Extra large	\$10M +	5.4%	\$7.1B	53.5%

CHART 1B: Micro market 2-year review



53.5%
of the industry's revenue
is made up of 5.4% of
the businesses

Vending and micro market businesses in the United States did their best to adjust to and survive the severe economic realities of the COVID-19 pandemic in 2020. Those realities affected workplace service providers contrarily. Operators primarily serving locations with essential workers onsite held the line, and in some cases, increased total sales. Operators servicing office locations, professional sites, public venues and schools, by comparison, experienced significant sales declines.

Food, snack and beverage sales in workplaces have always been directly tied to employment. According to the Congressional Research Service, the U.S. workforce shed 22.1 million jobs from January to April 2020 alone, deeply impacting vending and micro markets. In April 2020, the unemployment rate reached 14.8%, the highest rate observed since the Bureau of Labor Statistics began collecting data in 1948. A year later, nationwide unemployment remained higher, at 6.1%, than it had been in February 2020, at 3.5%.

While last year's job losses began a steady recovery since April 2020's joblessness peak, measuring at a rate of 6.7% in December, it was the abrupt closure of offices and workplaces and the subsequent transition to remote work for millions of employed Americans that had the greatest impact on vending and micro market performance.

April 2020 ushered in the new era of remote work, immediately and significantly reducing office populations, and foreshadowing a shift in the way a workforce segment might operate in the future. As of December, 71% of office workers were doing their jobs from home all or most of the time, according to Pew Research Center.

Not surprisingly, then, and in check with pandemic-related adversities and employment shifts, *Automatic Merchandiser's* annual State of the

CHART 3A:
Machines by location

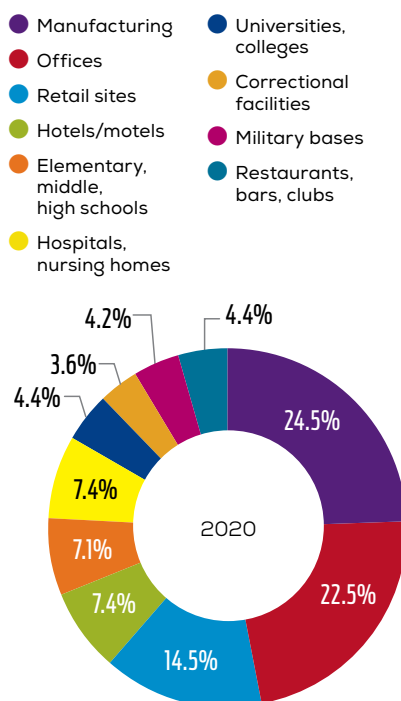


CHART 3C:
Micro markets by location

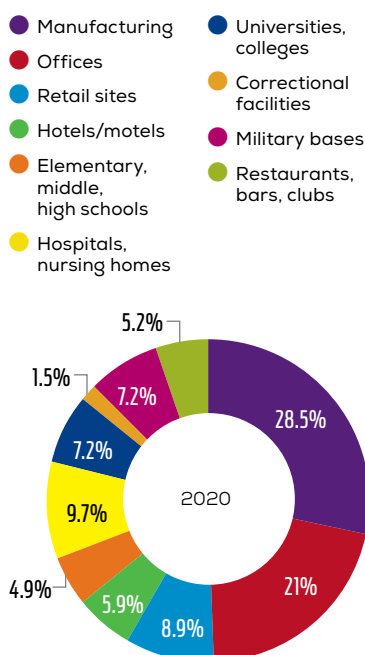


CHART 3B:
Number of locations served

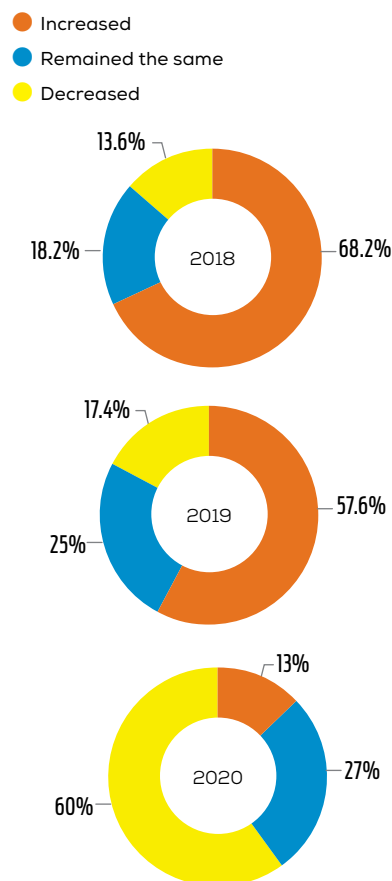


CHART 3D:
Number of micro market locations served

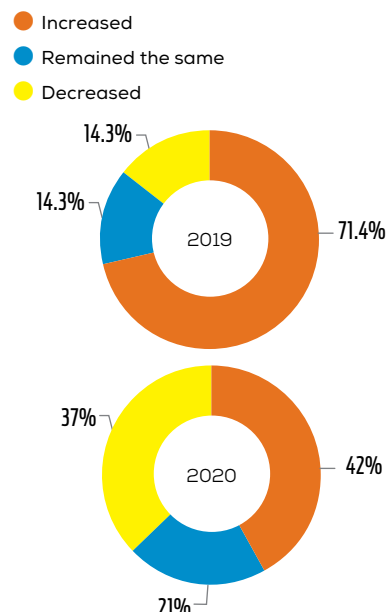
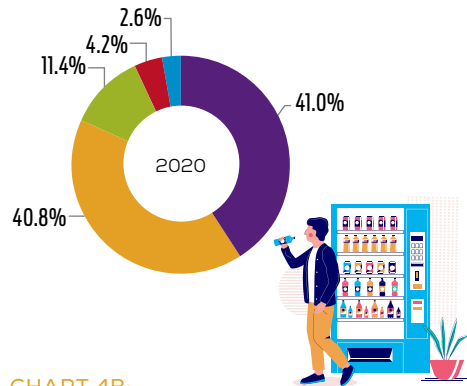


CHART 4A:

Percentage of each type that makes up placed vending machines

- Cold beverage
- Hot beverage
- Glassfront
- Frozen only
- Refrigerated food



Estimated total vending machines

3,504,566

in 2016

2,103,473

in 2017

2,084,500

in 2018

2,175,756

in 2019

1,740,604

in 2020

CHART 4B:

Active micro market locations

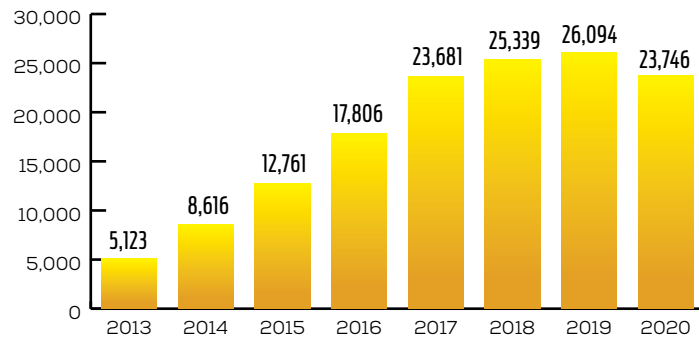


CHART 4C:

Smallest location where a micro market is currently placed

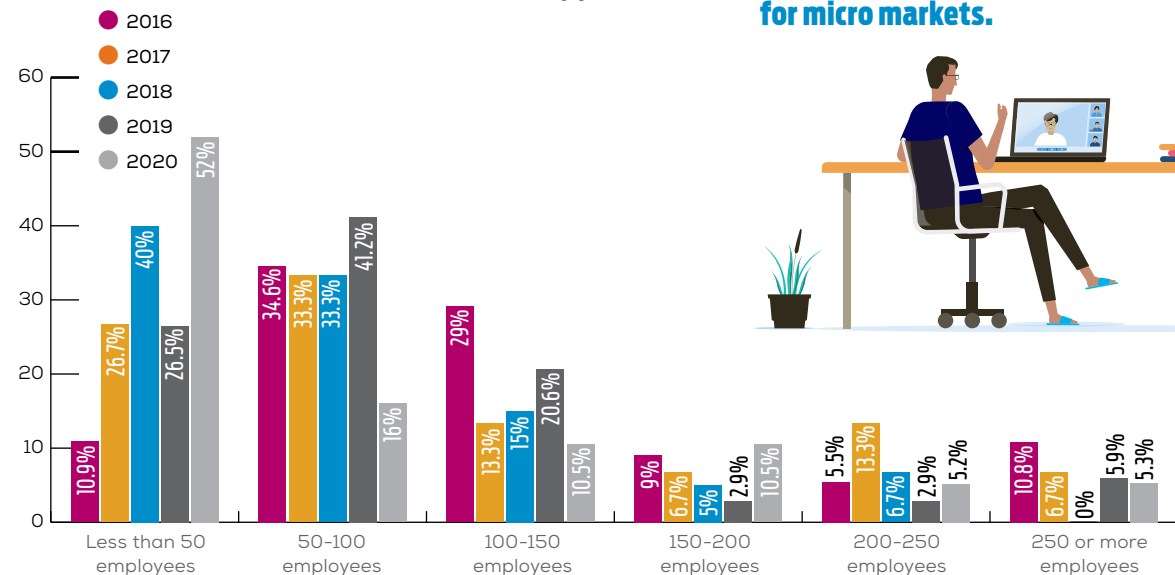


CHART 4D:

Average shrinkage rate in micro markets, as a %

	2017	2018	2019	2020
0%	0%	0%	3.4%	5.2%
1%	13.3	0	6.9	0.5%
2%	33.3	35	13.8	5.3%
3%	20.0	5	13.8	37.0%
4%	6.7	6.7	10.3	21.0%
5%	6.7	20	13.8	10.4%
6%	0	14	13.8	5.2%
>7%	6.7	19.3	20.7	10.5%
I don't know	13.3	0	3.5	4.9%

CHART 4E:

Most common loss prevention techniques, as a %

	2018	2019	2020
Regular market inventory	80%	62%	63%
Hired loss prevention employee	60	17	5
Working with a loss-prevention consultant	-	-	16
Screens showing canceled orders	60	69	58
Signage about theft in micro market area	60	66	69
Camera feed displayed above kiosk	40	76	63

Respondents said at-home work transition during pandemic was biggest challenge for micro markets.



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CHART 5A:
Acquired or divested business

● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020

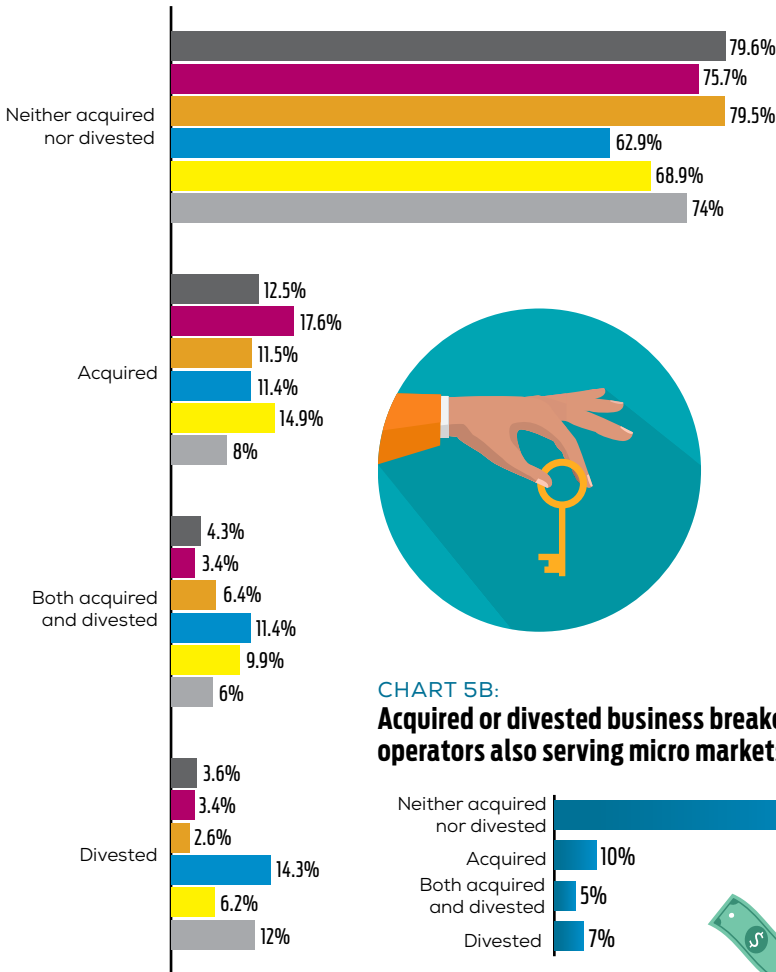


CHART 5B:
Acquired or divested business breakout for operators also serving micro markets in 2020

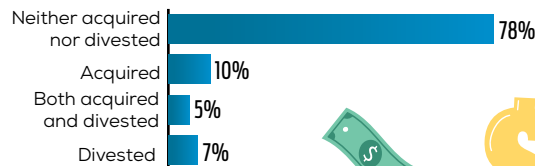


CHART 6A: Technology rankings, averaged

● Great Investment - ROI
● Don't use it/like it

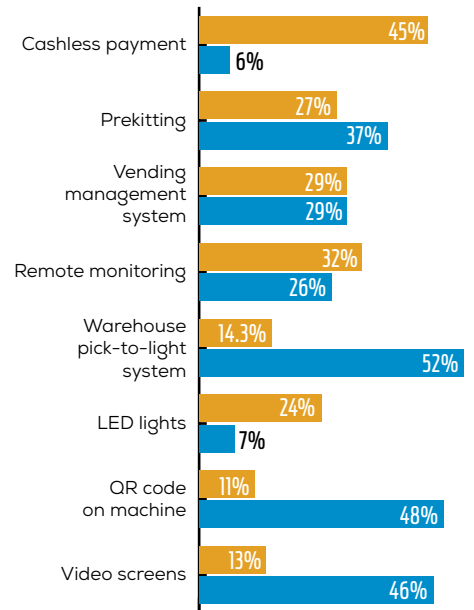


CHART 6B:
Vending data collection trends

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

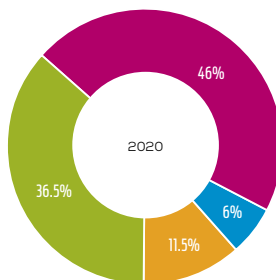
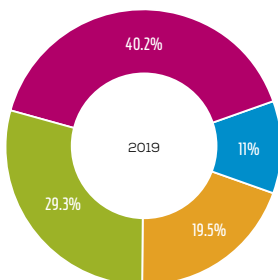
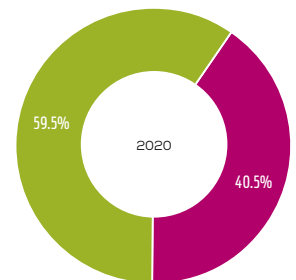
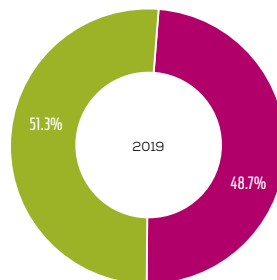


CHART 6C:
Vending management systems

● Use a VMS
● Don't use a VMS



Industry report on vending and micro markets is showing a revenue decline of 45% – from \$24.2 billion in 2019 to \$13.3 billion in 2020. The pandemic essentially erased a decade of consecutive sales and revenue gains – and more – reported by convenience service operators since the end of the Great Recession in 2009.

This year's State of the Industry report tells the story of the industry's will to survive. "Survived. Tried to survive. Did my best to survive," were the most common comments by operators.

2020 OPERATION PROFILES

In this year's survey, some 47% of participants designated their business as a full-line operation with vending, micro markets, refrigerated/frozen foods, and office coffee service (OCS), compared with 41% in 2019. This suggests more full-line firms added micro markets in

2020. Operators offering only micro markets account for fewer than 3% of all respondents in the report's sampling.

Nearly half, about 46%, of the operations surveyed employ one to five people, down from 53% in 2019. The second-highest employee range is 100-plus, or 13%, compared with 16% year over year. Around one in five operations ran a single route in 2020, compared with 17% in 2019. The number of operations with 50 routes or more, meanwhile, dropped 3%. Fewer stops and reduced inventory requirements drove route consolidation.

Fewer route acquisitions occurred in 2020; the exception was partial divestitures, which increased to 12%, compared with 6% in 2019. The number of operators who leased some or all of their cold drink vending machines held steady at 70%. About 5% of this year's survey participants

identified as bottling companies with vending and micro market operations.

More than vending, contract foodservice suffered last year. While the number of operators providing manual foodservice has been decreasing in recent decades, last year saw this service category decline more than 70% from the previous year, as workplaces limited employee populations or out-and-out prohibited manual foodservice.

BIG LOSSES, BUT SOME GAINS

The State of the Industry report's key data point, total sales for an operation, changed dramatically. Almost 75% of all participants reported sales decreases between 10% and 70%, while 6% said sales increased. In 2019, by comparison, 64% of operators said sales increased; 38% of those reported increases at 10% or greater.



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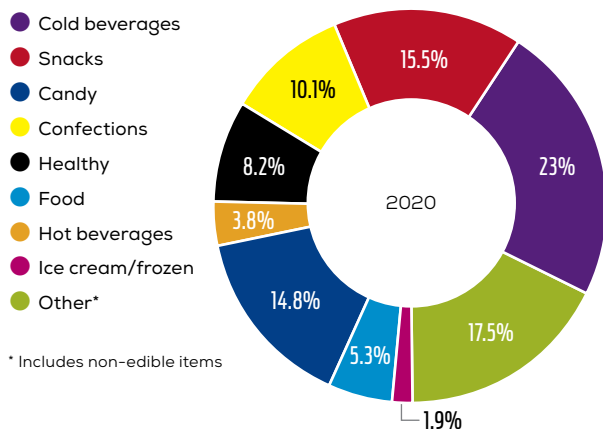
FastStart Breakfast Bars
Apple Cinnamon #9767
Strawberry #9768



Original Granola Packets
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1 Grain #9793
2 Grain #9796

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CHART 7A:
Vended share of sales by product category



* Includes non-edible items

In 2020, almost 60% of operators reported considerable losses in the number of locations they served; by comparison, nearly 60% reported location gains in 2019. Nearly one-third of respondents, or 28%, said the number of locations they operated did not change.

Cashless acceptance on vending machines improved in 2020. Only 11% of this year's respondents said they don't use any cashless payment systems, compared with 16% in 2020. Operators reporting 100% cashless vending rose to 22% in 2020, up from 14% in 2019.

Additionally, there were reported improvements in the use of data collection technologies in 2020. Operators used "pandemic downtime" to make networking upgrades from manual and handheld processes to smart devices and telemetry systems. Additionally, the number of operators using vending management systems reached 60% in 2020, up from 50% in 2019.

Still, about 40% of operators said they took to pencil and paper to reconcile sales through vending machines last year, like 2019.

GOINGS-ON IN MICRO MARKETS

The number of vending operations with micro markets last year was 43%, unchanged from 2019. Of

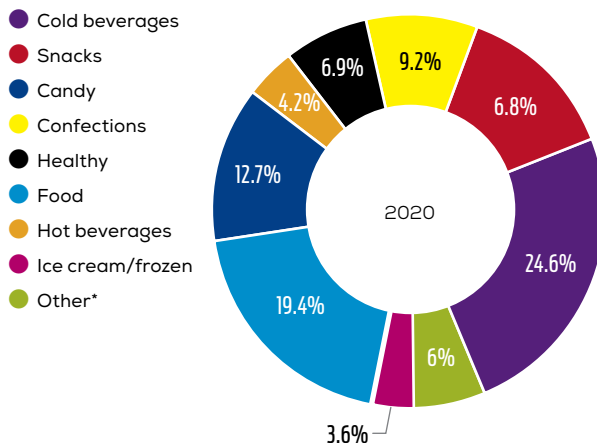
those micro market operators, 44% reported an increase in the number of markets they offered in 2020. Concerning micro market dollar volume, 37% of operators reported an increase in 2020, compared with 80% the previous year. Decreased revenue was reported by 47% of operators last year, compared with only 3% in 2019.

Most markets occupied manufacturing and office locations last year. Increases occurred in manufacturing sites, as well as in hospitals, healthcare facilities and other semi-public locations, including large apartment complexes. Office locations declined considerably.

Successful and profitable micro markets require merchandising overhauls to bring new customers into a store, and to get existing customers to spend more. In 2019, almost 60% of micro market operations reported monthly product updates and repositioning. The merchandising refresh rate dropped to 27% in 2020, attributable to pandemic-related restrictions.

Last year, in a positive development, micro markets were widely recognized as a corporate foodservice solution, sometimes replacing – or complementing – sited cafeterias. What's more,

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



* Includes cooperative service vending, condoms, toll passes, repair services, rental equipment (Redbox, etc.), chips and crackers

the number of markets functioning as cafeteria alternatives rose in 2020. In a separate survey, 52 of 60 operators said they "definitely" think the micro market could replace manual foodservice.

In terms of employee population thresholds, the number of locations with 50 or fewer people served by micro markets surged last year. In 2019, Some 51% of operators reported having markets in this lower demographic range, compared with 30% last year. Significantly reduced office occupancies drove this shift, which also saw the 50-150 employee location drop to 26% in 2020 from 64% the previous year.

Micro markets remained profitable in 2020, with 68% of operators reporting profit margins of 10% or more, compared with 52% in 2019.

VEND CATEGORIES

Packaged cold drink venders and glassfront merchandisers were the most widely operated machine types in 2020. The number of full-line coffee, refrigerated and frozen food machines continued to decline in absolute numbers and as a percentage of the equipment mix. Sales of fresh foods and frozen, on the other hand, increased market share in the micro market space.

CHART 7C:

Share of sales by service category, combined services

	2017	2018	2019	2020
Vending	66.2%	63.8%	50.1%	49.7%
Micro Markets	15	15.8	11.1	14.6
OCS	7.3	9.3	7.2	7.0
Water service	4	2.3	2.5	2.5
Other	2.9	1.4	8.0	8.5
Pantry service	-	2.9	4.1	3.1
Bulk vending	1.6	1.6	3.4	3.1
Manual foodservice	0.2	0.8	4.4	3.1
Music	0	0.8	2.8	2.5
Games	0	0.8	4.1	2.9
Janitorial Supplies	0	0.5	2.2	3.0

CHART 8:

Projected sales by category, in billions

VENDING PRODUCTS	2020	MICRO MARKET PRODUCTS	2020
Vended ice cream/frozen	\$0.1 (B)	Micro market ice cream/frozen	\$0.1 (B)
Vended food	0.4	Micro market food	0.3
Vended candy	1.2	Micro market candy	0.2
Vended hot beverages	0.4	Micro market hot beverages	0.1
Vended healthy	0.5	Micro market healthy	0.1
Vended confections	0.9	Micro market confections	0.2
Vended snacks	1.2	Micro market snacks	0.2
Vended cold beverages	2.0	Micro market cold beverages	0.5
Vended other	1.8	Micro market other	0.2

SERVICES	2020	% CHANGE
Vending	\$8.50 (B)	-29.75 (%)
Micro markets	1.70	0.00
OCS	1.09	-59.63
Water service	0.29	-51.67
Other	0.20	-60.00
Pantry service	0.30	-70.00
Bulk vending	0.15	-85.00
Manual foodservice	0.63	-66.84
Music	0.12	-85.00
Games	0.15	-86.36
Janitorial supplies	0.17	-75.71

Packaged cold drinks held their prevalence among vendible categories last year – in machines and markets (see Chart 8 for product category run-downs). In vending and micro markets, cold drinks represented, respectively,

30% and 28% of all sales. Snacks (salted snacks, bars, mixes, etc.), confections (pastries and cookies) and candy – the dominant glassfront vending offerings – represented 40% and 36% of sales, respectively, in machines and markets.

Methodology

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

On average, operators charged \$1 or more for a vended (post-mix) hot beverage (e.g., fresh brew, freeze-dried coffee, cappuccino, cocoa or soup).

Most respondents, about 75%, said they offered “healthy” or “better-for-you” items in vending machines in 2020, down from 82% in 2019.

Like snacking trends at home, consumption of indulgent snack foods also increased at workplaces last year. In micro markets, all respondents reported offering “healthy” meal, snack and beverage options.

Overall, dollar volume and unit sales of vended packaged cold drinks and glassfront snack/confection/candy (including “healthy” variations in those categories) ended the year more than 30% down. In micro markets, sales of these products finished 2020 almost even.

LOOKING AHEAD

The overall U.S. economy is expected to set growth records this year and next. In the first quarter of 2021, real GDP grew 6.4%, reflecting the start of a strong economic recovery, reopening of establishments and workplaces, and continued government responses related to the COVID-19 pandemic. Whether this so-called “booming economy” will bring employees back to the office in meaningful numbers, remains to be seen, and that will be the determining factor framing the recovery of the vending, micro market and office coffee service sectors. ■



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Reopened for Business

Pandemic-inspired micro market designs reimagine the possibilities

By Emily Jed, Contributing Editor

The COVID-19 pandemic had a profound effect on vending and micro market operations nationwide. Because of their ease of use and ability to deliver packaged fresh foods in a safe setting, micro

markets enjoyed widespread adoption in open workplaces, replacing manual cafeterias in some instances.

At the onset of the pandemic, and throughout, while many suppliers experienced an expected dip in sales,

they also found that demand for new automated food delivery solutions created opportunities that offset workplace shutdowns and drastically reduced onsite populations in locations that didn't close.

Many micro market designers and suppliers of shelving, fixtures and coolers made changes and enhancements to their product lines inspired by new demands during the pandemic, which are likely to endure as the world continues to reopen.

PANDEMIC IMPACT

“In the white-collar world, demand dipped as more workers moved to a work-from-home strategy,” said micro market design pro Steve Orlando, cofounder of Phoenix-based Fixturelite.

“In the blue-collar world, demand skyrocketed as markets in a grab-no-go format replaced the cafeteria line...a trend we see continuing,” he added. “Additionally, the need for micro markets in places they never would have been before and selling products not traditionally offered in a market environment jumped to help service the make-shift hospitals, laboratory, manufacturing and first responder industries.”

Christopher Blomquist of San Antonio, TX-based micro market, vending and dining technology provider Parlevel Systems echoed Orlando’s experience, noting that throughout the pandemic, locations were affected differently not only by venue type, but also geography.

“White-collar and office locations found decreased market sales as workers were sent home, while blue-collar and manufacturing facilities stayed constant,” he commented. “Depending on where COVID-19 hotspots were located, different states experienced slowdowns at different times. As traffic slowed down in some locations, operators also asked for a smart-cooler-type solution.”

Smart coolers, available from several suppliers and growing in popularity as a vending machine/micro market hybrid of sorts, feature locked doors that can only be accessed when the patron presents a payment method. When opened, a smart cooler detects exactly what product the customer selects and charges them accordingly.

He added that Parlevel’s focus since the start of the pandemic was to provide operators with hygienic



Axis Designs’ pandemic-inspired solutions include, above, automated delivery of prepackaged food to replace cafeterias and salad bar at university; island-style preorder and POS stations, below (r), with product merchandising at manufacturing location; and rolldown locking and nonlocking gates, below (l), on micro market fixtures.

Axis Designs



Axis Designs



Axis Designs

solutions for their locations. So, Parlevel focused heavily on providing materials and best practices to keep their markets clean and safe.

Bear Wegener of Aurora, IL-based micro market design and fixture provider Axis Designs said that after the initial effect of the shutdown, his company saw a rise in demand for self-service, grab-and-go market solutions.

“People are looking for prepackaged food solutions opposed to full-service cafeterias and self-serve

salad bars,” he noted. “As workplaces reopen, this movement will continue to fuel micro market demand.”

Sam Arrington of Genesis Décor, a supplier of micro market cabinetry, décor and signage, said the Amelia, VA-based company’s sales were negatively impacted by the pandemic in 2020, resulting in its first sales loss since the 2008 recession. But business is now moving in the right direction.

“Thankfully, that trend has reversed, and we foresee a very busy second half of 2021,” he remarked.

SIGNS OF THE TIMES

The beauty of micro markets is their modular nature that not only allows operators to customize them to meet location needs, but also to adapt them as those needs change, which was the case nearly across the board during the pandemic.

Axis Designs stepped up to the plate with a few innovative concepts to answer new demands. They included a self-serve, prepackaged vertical salad bar; a self-serve grocery retail store open to the general public; and mobile micro market fixtures. For other locations, it added rolldown security gates on market fixtures and island-style preorder and point-of-sale stations with product merchandising.

Fixturlite's Orlando emphasized that solutions that are modular, low- or no-touch, and that provide distancing are important. Fixturlite introduced its Pop-Up collection, which makes it simple for patrons to order and understand, fast to set up in the field and easily mobile when it needs to relocate.

"It's flexible in how it lays out and can grow in size to meet population demand, and it's super affordable to the operator," Orlando noted.

Additionally, Fixturlite has seen a surge in its Off the Wall collection, which moves such market features as snack, coffee and checkout away from the wall to allow more distancing and better traffic flow in the market.

"We didn't make many changes to our product lines, but we did take maximum advantage of the slowdown in sales to improve our processes and efficiencies in-house," said Genesis Décor's Arrington. "This will pay huge dividends in our production efficiency and turnaround time as sales continue to grow. In general, we see a continuing trend of installing markets in smaller accounts. Another sign of the times is increased material costs. We have been working hard to absorb cost increases



Modular, low-touch solutions that provide distancing are important. Fixturlite's Pop-Up collection, pictured here, features 365's PICO smart cooler that doubles as the market's payment point. Pop-ups are fast to set up and easy to relocate.

Fixturlite

“

In the blue-collar world, demand skyrocketed as markets in a grab-n-go format replaced the cafeteria line...a trend we see continuing.”

Steve Orlando, Fixturlite

as we can, but as prices continue to rise, we may have no choice but to raise prices on many of our products.”

In the heat of the pandemic, Parlevel's customers sought guidelines on how to advertise their micro market services as safe and hygienic, which led to the retail technology company's establishing and promoting best operational practices.

"We recommended best practices for screen cleaning, PPE stocking and hand sanitizer stations," Blomquist said. "We also created our hubz Smart Cooler – a locking fridge stocked with diverse items – that marries the security of a vending machine with the product diversity of a micro market to help operators appeal to a wider array of locations.”

RAMPING BACK UP

As the pandemic continues to wind down, several micro market fixture suppliers say they are seeing a return to pre-pandemic-period design demands.

"We anticipate an uptick in demand for micro market fixtures and full breakroom designs as employees return to their workplaces," Wegener said.

Orlando predicts that pre-pandemic designs are going to continue to change to meet the new demands employees are going to have when they return to work. "They want to feel safe and supported by their employer, so designs will have to change to meet these new requirements," he said.

Parlevel's Blomquist sees micro market demand slowly returning to pre-pandemic levels, but it's still 30% to 40% less than at its peak. "However, account viability has shifted," he said. "Some previously profitable accounts have reduced their workforces, while other less-desirable accounts have increased numbers. This leads operators to reexamine which locations make sense for their business.”

Arrington said that as of mid-May, Genesis Décor was seeing a dramatic upswing in requests for designs, quotes and orders to pre-pandemic levels.



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NONTRADITIONAL LOCATIONS

Many micro market suppliers have seen new demands in nontraditional, nonworkplace venues, including semi-public locations like healthcare facilities and apartment complexes.

Axis's Wegener said he is seeing self-pay kiosks being deployed in semi-public spaces like retail storefronts and college campus student dorm complexes.

Orlando observed that workers always need access to some type of refreshment solution. "Throughout the pandemic, unique solutions, like Fixturelite's pop-up market, were implemented to respond to new needs. As workplaces begin to reopen in a whole new way, solutions previously implemented will change to meet the new demands of smaller populations, more distancing and less-touch."

Blomquist said that while Parlevel did witness an uptick in nontraditional locations throughout the pandemic, what it really experienced was an expansion of services within established locations coupled with more sites being receptive to trying unattended services that they previously were not open to trying.

OPERATOR-DRIVEN DESIGNS

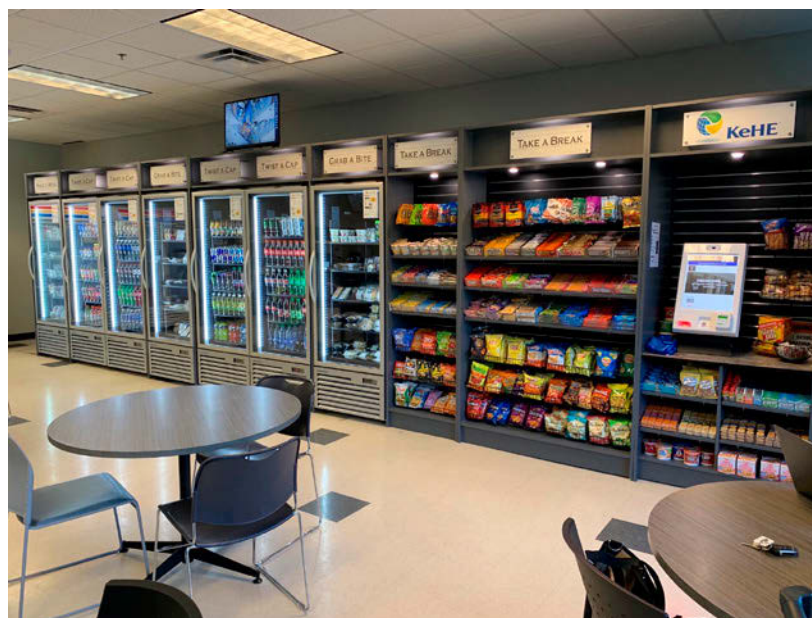
All the micro market suppliers interviewed for this article agree that their operator customers ultimately drive the designs that best suit their locations, and it's then the supplier's job to deliver it to them.

"There is no 'best' design or one-box solution; only a best design for that customer," Orlando emphasized. "Markets must be customized to each customer's unique requirements. In some cases, it may be a Fixturelite pop-up market, in others it may be all custom, and in others it may be a customized solution using stock Fixturelite pieces."

Fixturelite has a proprietary process for helping a customer assess



Genesis Décor



Seventh Wave Refreshments

Genesis Décor has been seeing a dramatic upswing in requests for designs, quotes and orders to pre-pandemic levels and a preference for its modular, prebuilt units, requiring no assembly and minimal time onsite. Above is an Elite installation operated by Seventh Wave Refreshments, which serves the greater Atlanta area.

their needs and collaboratively creating a solution that meets or exceeds them.

Parlevel's Blomquist agreed that experienced operators know that the best design is the one that works for the customers they are going to serve. "So, they need to take into account the number of people who will buy from the micro market, the type of product they are likely to consume, the location space, the break-times, extra services to incentivize more sales, etc.," he instanced.

While he agrees that there is not one "best design," Wegener added

that Axis's Premium In-Line Micro-Market Fixture package is its most popular solution used in creating "showcase accounts" for operators. Its freestanding mobile merchandisers are also popular for the ease of installing a completely assembled fixture.

"We continue to listen to operators to determine how we create the best solution to their challenges," Wegener said. "Often we will customize based upon these needs."

Genesis's Arrington said one of his company's greatest strengths is being able to provide customized

solutions to its customers in a short timeline. “For fairly straightforward designs, we can usually turn around renderings and drawings the same or next day,” he said. “We create and print our own graphics inhouse, so we can easily and quickly incorporate custom designs and logos that give our customers an edge.”

He added that Genesis Décor’s standard designs are almost all “parametric,” meaning that the micro market designer and provider can easily enter custom height, width and depth dimensions of cabinetry to precisely fit the customer’s available space.

“And our design system automatically calculates the sizes of all the various parts needed and sends the designs to our computer numerical control equipment, which accurately cuts out the parts,” the

Dream Market

If you’re a leading micro market technology company, it’s logical that the breakroom at your own office showcases the best unattended retail equipment and fixtures the industry has to offer, and in an attractive space. With that in mind, 365 Retail Markets redesigned its own micro market lounge at its new Troy, MI, headquarters. The remodeled micro market doubles as a showroom for visitors, as well as a training lab for operators and 365 employees.

365 created a neutral space with seven areas that will allow visitors to envision what could be built in their own spaces. The multifunctional market lends itself to company meetings, film and video shoots, and marketing and training sessions. It will display checkout kiosks, the Pico Cooler and mobile ordering apps, among other 365 micro market technologies. The micro market company teamed up with Fixturelite, a breakroom engineering and design specialist, to design the new showroom.

“Because we have such a robust support team, we have internal training every day,” said Linde Hutson, 365’s director of global marketing, communications and training. “We have continuing education because we want everybody at 365 to know what we do, how we do it and how every system works. We also conduct 12 to 18 external operator training sessions of our systems per week. This market showroom is a really good place for people to receive more hands-on training.”

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design expert explained. “Once our customer provides us with any space constraints, this system gives us tremendous flexibility to create optimum solutions.”

Blomquist said Parlevel works closely with operators to see what micro market or unattended retail solution works best for their locations. “Often, we will walk through a checklist with operators to review questions like the number of onsite employees, location type, number of shifts, nearby food options, and other items to examine the best setup for them,” he said. “We’ll then create a mockup custom to the location that the customer can use to pitch and close the account.”

SUPPLY CHAIN DISRUPTIONS

In some cases, supply chain disruptions brought on by the pandemic appear to be easing but in others they’re affecting delivery time for products and other supplies for micro markets.

“Supply chain disruptions are going to worsen before they start to get better,” Fixturelite cofounder Troy

Parlevel’s focus at the height of the pandemic was providing solutions for locations that were hygienic.

Parlevel



Locking coolers like Parlevel’s hubz are in high demand as locations seek solutions that enable them to securely sell higher-priced items.

Parlevel

Geis predicted. “It’s the perfect storm of the pandemic: a significant lull in demand, severe weather and fires, a large shortage of labor, and finally an unprecedented surge in demand. Everything in the supply chain is

interconnected very deeply and one small blip in the chain has a ripple effect that can spread widely.”

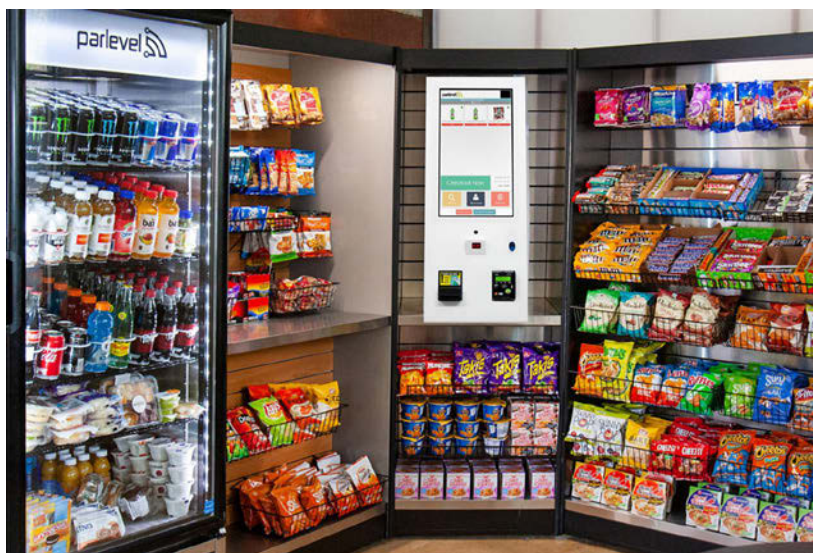
Take for example the recent significant surge in rental car rates, he pointed out, which rippled because when the pandemic started, rental car companies purged their fleets to conserve cash. When demand skyrocketed for rental cars as Americans started traveling again, the rental companies were unable to replace the cars they had purged as there is a worldwide chip shortage and car manufacturers are unable to manufacture cars. So, the demand outweighs the supply of rental cars available because of a shortage of chips.

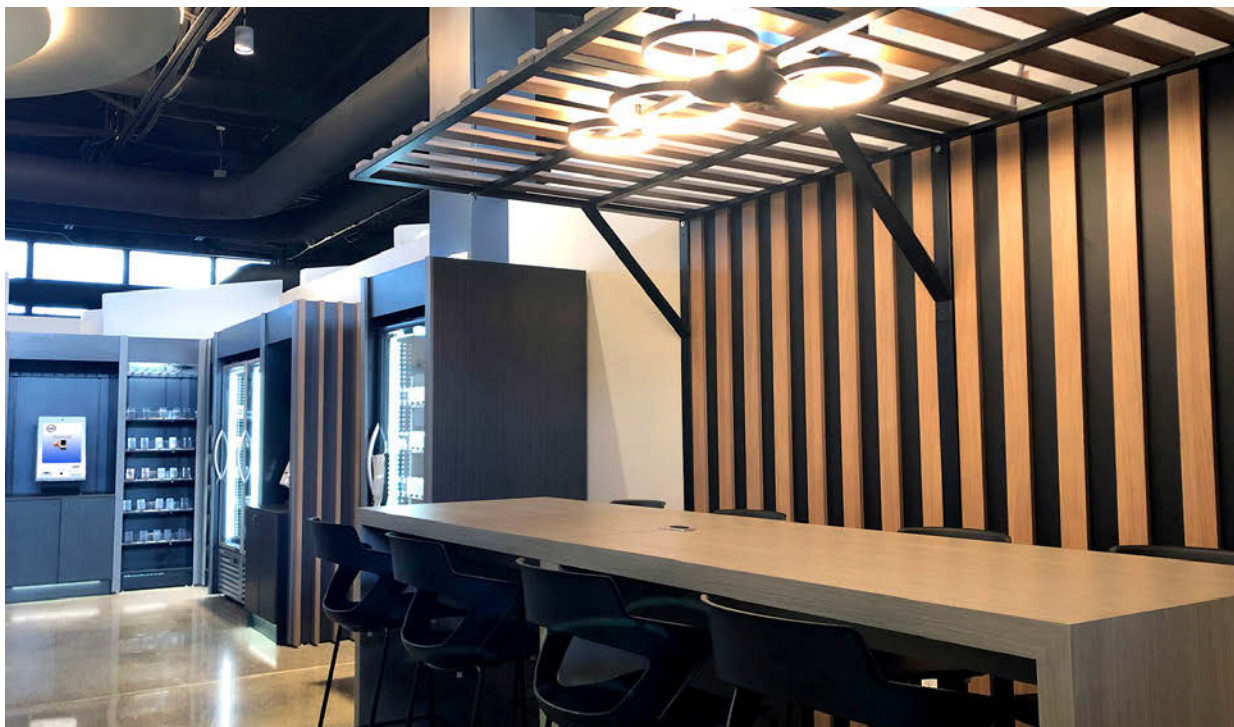
Blomquist agreed with Geis that certain sectors of the supply chain are especially seeing the most disruption while others have been spared.

“For most food and beverage items, it seems to be okay,” he said. “For electronics, currently, it is in disarray. We estimate the overstocking of components by big-market players like auto and appliance makers are causing much of the issues and will not ease the flow of components until next year.”

Axis’ Wegener added, “supply chain disruptions as well as raw material costs are worsening and, in my opinion, the effects of the shutdown on the economy is not yet fully realized.”

Arrington counts Genesis Décor lucky. Although there are issues with the supply chains, they have not affected the company’s delivery times at all. “We were very proactive many months ago, anticipating disruptions, and dramatically increased the amount of inventory and raw materials that we stocked inhouse while supplies were plentiful and prices were ‘normal,’” he said. “This ensured that our customers continued to receive their orders on time. It was a wise investment.”





The “dream market” showroom at 365 Retail Markets’ new Troy, MI, headquarters.

365 Retail Markets/Fixtureelite

WHAT’S NEXT?

Wegener believes that operators’ accounts will start demanding full-room designs accommodating ancillary items such as seating, employee prep stations, lunch storage space and waste receptacles to illustrate the overall breakroom experience.

A prevailing trend Orlando sees is leaning toward designs accommodating “grab-and-go”-style sales replacing foodservice lines in sites ranging from factories to hospitality. “The food is still made fresh...just minutes ago in many cases,” he pointed out. “And its available for a consumer to grab and self-checkout in a more touchless, more distanced environment.”

Arrington said Genesis Décor’s customers seem to prefer its modular, prebuilt units, requiring no assembly and minimal time onsite. “While this increases the cost of shipping, the speed and ease of installation seems more important in most cases, especially as accounts



365 Retail Markets/Fixtureelite

are concerned about exposure to operators’ installation teams from outside the account’s ‘COVID bubble,’” Arrington observed.

Genesis currently has two modular product lines, the Market Basics and the Elite. It’s also introducing a line at The NAMA Show in New Orleans in August called Latitude that Arrington says “fills the sweet spot in the middle of our product and price range.” Also coming is a modular line of cabinets

for office coffee service settings.

Parlevel’s Blomquist said an effective locking cooler is at the top of the collective industry’s minds. “Operators are looking for a solution that enables them to sell higher-priced items in locations with high in-and-out traffic,” he commented.

Amid the disruption the pandemic caused, the next round of automatic retailing ingenuity has moved to the forefront as the pace of re-openings begins to pickup. ■

Fresh Take

Ohio's Maumee Valley Group celebrates 75 years with food refresh and micro market momentum

By Emily Jed, Contributing Editor

Recently launched high-end grab-and-go Prime Seasons sandwiches and wraps are crafted with fresh-baked artisan breads, premium deli-style meats and freshly sliced cheeses, along with homemade condiments.

Images provided by Maumee Valley Group



Maumee Valley Group not only persevered through the challenges posed by COVID-19 and its ensuing lockdowns, but found new opportunities that emerged in its wake, giving the three-generation operation extra cause for celebration as it marks 75 years in business.

Established in 1946, Maumee Valley Group, previously Maumee Valley Vending, is headquartered in Defiance, Ohio, in the state's northwest corner. Its 175-person team services more than 700 locations and 500,000 customers throughout Ohio, Indiana and Michigan, meeting every need of locations large and small with its micro markets, vending machines, office coffee service, contract foodservice and catering.

At the helm are Todd Plassman and his sons Jordan and Jacob. Together, they carry on the legacy of Todd's father, Donald, who worked for Maumee Valley Vending as its general manager in its early days. He ran the business for two different owners, beginning with Mark Bowles, and William Harmon, who were tobacco farmers from Kentucky. Cigarette vending laid the foundation for their early and rapid expansion into full-line vending. Shortly after starting as general manager under the Bowles and Harmon ownership, the operation was purchased by another company, who then continued to have Donald navigate the business past the 1950s.

A FAMILY AFFAIR

When the previous owners were ready to retire in 1997, Donald Plassman, who had run the business as if it were his own, was an obvious successor. He bought a controlling share in MVG, along with a fellow manager, Robert Bostleman. At this point, Donald's sons Todd and Scott had already been on staff for some time.

Donald retired in 2000 selling his interests to Scott and Todd Plassman.

Todd eventually bought out his brother Scott, and his sons joined him in the family business. Jordan came aboard in 2011, and Jacob followed close behind in 2013.

Since taking the reins, Todd has been steadfast in his commitment to continue to run the business by the principles that established MVG as a trusted name and convenience services leader in the region that has endured for decades.

"Maumee Valley Group believes in family values, developing our employees, encouraging wellness and giving back to local communities any

adapt to better serve its customers. That started with MVG's early adoption of micro markets in 2012, which immediately proved to double revenues per route and have become the breakroom concept of choice compared to vending by expanding variety to 500-plus items on average.

The mini automated convenience stores, branded "Fresh Markets," together with its fresh-made foods, have been central to the company's growth strategy. MVG operates more than 450 of the self-checkout stores, and counting, along with 1,000 vending machines.



Maumee Valley Group, with the help of its dedicated and seasoned 40-person food-production staff, has upscaled and rebranded to "Prime Seasons" its already highly regarded fresh food program that has set the business apart from its competitors for decades.

way possible," he said. "We separate ourselves from others in multiple distinct ways: food quality, customer service, reliable equipment and competitive pricing."

These facets have contributed to MVG's enduring as leading foodservice provider for over seven decades.

Todd credits his sons for bringing an energy and open mindedness to new technology that has kept the company on the cutting edge in support of its continued mission to



We put out new foods in our Fresh Markets that few companies can match. It's exciting to take it to a new level."

Todd Plassman



AVANTI OPERATOR OF THE YEAR

The Plassmans' model for a winning formula of micro market success is fresh-made food, promotions that reward customers for their loyalty and keep them coming back, custom area treatments that personalize

the experience and grand openings with all the hoopla.

In fact, Avanti Markets, MVG's micro market provider, named the Ohio company its 2020 Operator of the Year for its expertise, innovative spirit and outstanding performance and accomplishments, which is an especially



**MAUMEE
VALLEY GROUP**

notable accolade given it was achieved amid a global pandemic.

"The analytics of Avanti's backend software has increased our ability to keep customers satisfied with our product choices, along with standing out from other companies with the range of items available to each set of customers," said Jacob, who credited Avanti for providing MVG with the tools to achieve the potential of its markets by catering to each location. He also applauded micro market designer and fixture provider Genesis Décor and cooler supplier Minus Forty for contributing to a top-notch customer experience.



In its early days, Maumee Valley Vending's small team of drivers focused on serving customers in the largely rural local area. Today, MVG's route sales pros rack up a collective 200,000 miles a month across three states, thanks to the efficiency enabled by micro markets, "prepicking" and remote monitoring.



Todd Plassman



Jordan Plassman



Jacob Plassman

FOOD REFRESH

With many businesses shut down and others having only skeleton crews on site during the early days of the pandemic, MVG decided to take the found time to upscale and rebrand its well-established and highly regarded fresh food program, which has set it apart from its competitors for decades.

The company launched the Prime Seasons high-end grab-and-go brand, crafted with fresh-baked artisan breads like eight-grain and sourdough, premium deli-style meats and freshly sliced cheeses, along with homemade condiments like pesto mayo and aioli.

The operators also augmented Maumee Valley's 40-person commissary staff, with the addition of culinary professionals who had run restaurants that served similar foods and tapped into their expertise.

The result, according to Todd, is that in its 40-plus years of running a food-production facility, MVG has reached the pinnacle of foodservice perfection. "I'm thrilled with how unique and high quality our food is," he remarked. "We put out new foods in our Fresh Markets that few companies can match. It's exciting to take it to a new level."

Along with its newly branded wraps and sandwiches, MVG offers an abundance of healthy items in its micro markets to satisfy contemporary demand, including freshly crafted salads, yogurts, fruit plates and veggie trays.

Markets are an easy sell in most locations because they offer at least five times more selection than vending

machines and deliver fresh food where it often wasn't previously available.

MVG runs constant promotions to take advantage of special offers from manufacturers to keep customers engaged and pricing low. Customers must use their market card to take advantage of the program, which also helps lower cashless transaction fees and gives the company insight into customer preferences and purchasing patterns in each location. Commercials on

the kiosk screens and shelf dangles advertise the specials.

"It's important to Maumee Valley Group to include area treatments on each fresh market installation to really make it feel special and unique to that specific company," Jacob said. "Each market is given its very own special touch. We take pride in making each breakroom distinct and personal. We want to make the markets a fun place to go."

Micro market grand openings, decked out with balloons and ribbon-cutting ceremonies create a buzz around the new breakroom amenity.

CAFETERIA-TO-MARKET TRANSITION

The area has always been primarily rural, with pockets of manufacturers that employ vast amounts of the

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Avanti Markets named Maumee Valley Group its 2020 Operator of the Year, which is an especially notable accolade given it was achieved amid a global pandemic. The transition from cafeterias to micro markets has been a pronounced trend that has helped fuel continued growth of the breakroom concept.

residents, many of which have traditionally contracted MVG to manage cafeterias to feed the masses.

Defiance is best known as home to a General Motors facility, which has employed as many as 5,000 people. MVG serves other automotive plants and food and furniture manufacturers, with office buildings, colleges and healthcare locations rounding out its roster of accounts.

"We serve a heavy manufacturing base, and they can't work from home which was a plus for us during the pandemic," Todd observed. "In

several of these sites, we had run their cafeterias, which we've been able to seamlessly replicate with micro markets minus the labor, and without having to have a cafeteria open and staffed to feed seven people on a shift in some cases."

He added that most of the locations had become accustomed to wanting the decades-old standard cafeteria menus that featured deep-fried foods and burgers on the grill. "When we developed Prime Seasons, it seemed to be the direction companies were willing to go in,

healthier and fresher, and with that, the move to micro markets has been an easy one and a win for everyone," Todd said. "It's actually above and beyond the quality and variety of items we had on our hot food line and along with it, they can get novelties like ice cream, slushie machines and bean-to-cup coffee machines."

Maumee Valley currently operates less than 10 full-service cafeterias at three-shift manufacturing locations, down from its heyday of 20 a few years before and it anticipates that several that closed during the pandemic will not reopen.

"When things shut down and locked up, we took a huge hit with perishables and when things began



firing back up, we got a new normal going,” Todd recalled. “That meant the shift from cafeterias to micro markets, catering more boxed lunches, making cookies with face masks to remind employees to wear their masks, and we’re still adapting to the new normal as the reopening ramps up.”

THEFT GAME CHANGER

If there is one inherent concern with micro markets, it’s theft. But with the right technology it is increasingly manageable, according to the Plassmans.

The operators found the best solution yet with their recent investment in a company called Panoptyc. It has a live feed activated



It’s important to Maumee Valley Group to include area treatments on each fresh market installation to really make it feel special and unique to that specific company.”

Jacob Plassman

by human movement that allows the operators to remotely watch customers shop and check out.

Previously, MVG had to exchange DVRs and review footage to uncover theft and identify the culprits, which was a cumbersome process.

“We would look for cart cancels which made a time stamp and then review that footage to see if they walked out with the item, or they might take three items and scan two, for example,” explained Jordan. “Now

with Panoptyc, we are able to nail them right away with a clear picture, versus the turnover time to swap DVRs and review and put them back.”

With the DVRs, it could be a week or two after the theft by the time MVG reviewed the footage, and oftentimes the employee who was stealing was already long gone. Now MVG can key in on any theft remotely within a couple of hours.

“If no one is in the breakroom, it doesn’t record, so we don’t have to fast

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forward through all the unnecessary parts,” Jacob said. “We run the reporting and watch the transaction history and cross reference with human movement. If one Mountain Dew was sold and anything else exits the breakroom, it’s a slam dunk. Panoptyc also lets us see how a market looks to be sure it’s kept orderly, like we’re right there.”

THE HEAT IS ON

Hydration stations, also known as heat-relief programs, are a boon for business for MVG especially during the hot-weather months, but also year-round since it serves a heavy manufacturing base with employees in need of constant hydration.

“I’m showing how old I am, but I remember when they gave employees salt pills in the hot weather,” Todd recalled. “Nowadays, when the temperature reaches or exceeds 80 degrees, many of the manufacturing facilities we serve supply free bottled water or Gatorade syrup, or a machine filled with Gatorade bottles on free vend. Some give free popsicles.”

Prior to COVID-19, the norm in large facilities was for Maumee Valley to place five-gallon, bottled-water coolers in different locations throughout a plant so employees would not have to leave the worksite to hydrate. The coronavirus health crisis prompted locations to replace the coolers with small refrigerators that MVG keeps stocked with their beverages or frozen novelties of choice.

HAVE MICRO MARKETS, WILL TRAVEL

In its early days, Maumee Valley Vending employed fewer than 10 individuals who focused on serving the local area. After moving to Defiance in the 1950s, Maumee Valley Vending’s staff grew to more than 50 people and serviced vending machines in locations across a few



Zach Plassman, Jacob and Jordan’s brother (who has moved abroad and currently does not work at MVG) readies orders for delivery to its 700-plus locations throughout Ohio, Indiana and Michigan.

counties in northwest Ohio. When Todd joined his father at MVG in 1979, one of its largest accounts had a sister plant in Indiana about an hour’s drive away, which further expanded the operation’s geographical reach.

Today, the company’s service extends to Cincinnati, Detroit and

South Bend because of how much more efficient micro markets are to service than vending machines and the growth of the segment. MVG’s drivers rack up a collective 200,000 miles a month. The company purchases 15,000-plus gallons of fuel during the same time period.

“We can cover a lot of territory because drivers take only exactly what they need,” Todd said. “Also, it used to be they had to open and fill 10 machines; now they go in and replenish one micro market and are in and out and on their way.”

He added that the company can be profitable with accounts two hours away drive time and that for some of its largest routes, drivers must travel four to five hours a day.

“Markets are a game changer,” Todd commented. “We have to be very thoughtful how we structure the routes, and we have fantastic drivers.”

He added that maintenance costs have gone down with micro markets compared to vending machines because many kiosk issues can be fixed remotely with a reboot from a cellular phone versus machine spiral jams that require in-person service.



OPERATION PROFILE

Maumee Valley Group

Headquarters: Defiance, OH

Year founded: 1946

No. of employees: 175

No. of micro markets: 450

No of vending machines: 1,000

No of routes: 45

Equipment providers: Minus Forty, Genesis Décor, Vendor’s Exchange

Tech providers: Avanti Markets, LightSpeed Automation, Cantaloupe, Azuga, Panoptyc

LightSpeed Automation's pick-to-light system automates "prepicking" in the warehouse, which, along with remote monitoring of sales and service data with Cantaloupe's vending management system, enables just-in-time service.

REMOTE CONTROL

With its trucks logging so many miles daily and gas prices climbing, Maumee Valley Group recently invested in Azuga's live GPS tracking, which has helped reduce its insurance costs significantly by enhancing fleet-wide driver visibility, accountability and safety.

With a tracker plugged into each vehicle, MVG management simply

logs into Azuga Fleet to capture all diagnostic data to gain instant insight into a driver's efficiency.

"Azuga Fleet makes it easy to track drivers on the job," explained Jacob. "It gives a scorecard for excessive idling, heavy acceleration and hard braking, as well as sharp turns, so we can catch errors and keep our fingers on the pulse of drivers and of vehicles for mechanics."

MVG keeps its vending and micro market routes separate for the most part, with the exception of locations where it makes logistical sense to combine the route because an account has both services.

Office coffee service makes up 8% to 12% of the company's business and

is included on its vending and micro market trucks.

Despite a definite slump in OCS in white-collar locations when COVID prompted a work-from-home shift, there's still been plenty of demand in many locations especially for portion-pack coffee, unique specialty coffee brands, and teas, and it's ramping back up as more people continue to return to the office, according to Jordan.

With COVID restrictions easing and the rejuvenation of the warm weather following one exceptionally long and challenging winter, the Plassmans are confident that MVG is poised for a new round of growth as they celebrate 75 years. ■

Marketplace

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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!

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

in THE OFFICE



Bob Tullio

Congratulations to Mike Kelner of Vending Biz Broker (VBB Advisors) for setting himself apart once again (awarded Certified Merger and Acquisition Professional designation). Kelner acknowledges that as industry acquisitions become increasingly complex and buyers become more sophisticated, continued education is critical for a business broker.



Steve Closser

What a great week with the U.S. Coast Guard Exchange and NASA. This is one of the biggest markets we have done. Thanks again to our partners at 365 Retail Markets, Fixturelite, Minus Forty Technologies and Panoptyc for making this market a reality. Thanks to our partners at the Coast Guard Exchange (@ShopCGX)!!



John Hickey

We've all been hearing about Ransomware attacks in recent weeks. This is a real risk for all businesses. Watch this short video [linkedin.com/in/johnhickeyglendale/] to learn a few quick steps you can take to ensure your business is protected from Ransomware. #cybersecurity #business #ransomware #security #informationsecurity #cyber #privacy

TWEET & RETWEET



40 UNDER FORTY



f FOLLOWING



365 Retail Markets

@365RetailMarkets

An exciting day for us at 365 Retail Markets 🎉 Huge thank you to Representative Haley Stevens, Troy Chamber of Commerce President Tara Tomcsik-Husak, and Mayor Ethan Baker for welcoming us into our new HQ! #Everyday365 #365RetailMarkets



Sodexo USA

#PrideMonth is a time to embrace one another for who we are. GM Sean-Michael Tantinarawat wants to create an atmosphere where everyone feels accepted at Nashoba Brooks School in Massachusetts. So, after extending an offer to someone with chronic anxiety related to their gender identity, Tantinarawat used the opportunity to educate the team about ways to welcome and support this nonbinary individual.



Aramark Corp.

@Aramark

Congratulations to our 40 young leaders who were recognized with the inaugural 40 Under 40 Awards last night! Exemplary individuals were nominated by their leadership teams, across the enterprise and internationally.



Maumee Valley Group

@maumeevalleygroup

Who could have thought that a vending food service could have such tasty food like this



#freshfood #breakroom #foodserviceindustry #freshfoods

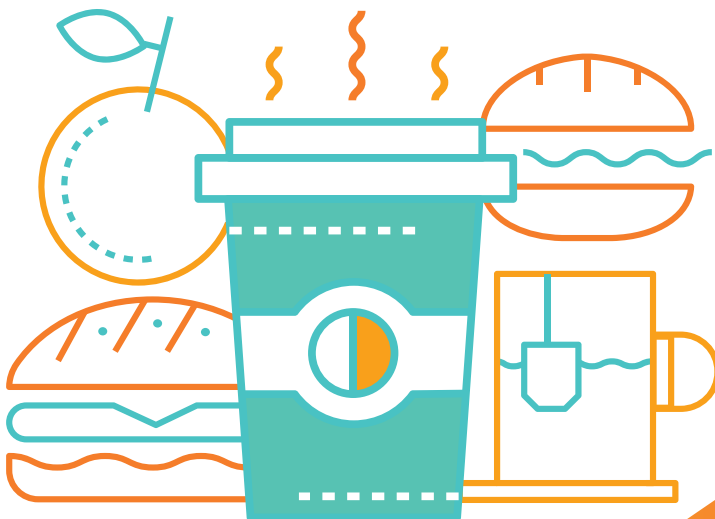
Have something we shouldn't miss? Tag us or email us at editor@vendingmarketwatch.com.

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Payment & Merchandising Technologies

	First Quarter	Change
Revenue	\$227.1	8.1%
Net income	\$2.0	100%
Operating income	\$2.0	100%
Operating margin	0.9%	100%
Operating profit margin	0.9%	100%
Operating profit margin before special items	0.9%	100%

Crane Co.'s first-quarter results improve, payment and merchandising sales rise 13%
Company's Payment & Merchandising Technologies segment reports sales of \$338 million, increasing \$40 million, or 13%, over the same quarter last year

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Unattended retailers - listen to the experts from Verizon discuss:

- 3G vs 4G
- Why networks are changing
- Whether you should upgrade to 5G yet?

TODAY'S NEWS

Summary of All PPP Approved Lending

Entity Approved	Total Loan Amount	Total Lender Count
1,000	\$1.0	1,000

Summary of 2021 PPP Approved Lending

Entity Approved	Total Loan Amount	Total Lender Count
1,000	\$1.0	1,000

Paycheck Protection Program money runs out before May 31 deadline

The federal government's main financial aid program for small businesses devastated by the pandemic ran...



Cantaloupe and Castles Technology form alliance aimed at enriching unattended retail

Cantaloupe Inc. and Castles Technology Co. Ltd., a manufacturer of credit card payment terminals, have...



Performance Food Group Q3 delivers strong sales, independent case volume growth

PFG generates \$173.1 million of cash flow from operating activities in first-nine months. Vistar net sales...



Bart & Judy's rolls out 'first-ever' natural chocolate chip cookies boasting long shelf life

Cookie innovator Bart & Judy's Bakery said it is transforming the snacking marketplace with the...

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sensor until a beep sounds, switch
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sensor with the right temperature
water you need, dispense the
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