

# Automatic MERCHANTISER

The Vending, Micro Market & Coffee Service Industry Resource

December 2012



**Dave Hart**, OCS Operator of the Year, believes in making a commitment to customers and giving back to the industry. [page 20](#)



## Readers' Choice PEOPLE OF THE YEAR

**Vending Operator Barry Frankel** [page 16](#)

**OCS Operator Dave Hart** [page 20](#)

**Broker Greg White** [page 24](#)

**Distributor Jim Parsons** [page 26](#)

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**Jim Parsons** isn't just a sales manager, but a candy, snack and beverage specialist. [page 26](#)



**Barry Frankel** embraces new technology and believes vending has a bright future. [page 16](#)



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### PODCAST

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### BLOG

Selling before capital gains and other taxes increase in 2013

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## Readers' Choice **PEOPLE OF THE YEAR**



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Barry Frankel



20 ▶ **OCS Operator**  
Dave Hart



24 ▶ **Broker**  
Greg White



26 ▶ **Distributor**  
Jim Parsons



28 ▶ **Manufacturer**  
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# Dedicated to our readers

From taking their nominations to addressing their critical issues, *Automatic Merchandiser* is a resource to the industry.

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In this issue, I have the pleasure of presenting the 2012 Readers' Choice People of the Year awards. For the last 18 years, *Automatic Merchandiser* has been recognizing the best and brightest in the industry through nominations from its readers. And 2012 was no exception.

Nearly 90 people took the time to visit the online nomination page and suggest exceptional people dedicated to the industry. That made it

extremely difficult to choose just five winners for this year's awards, but they are a great group of people.

Barry Frankel, of the Family Vending Co. is a 30-year vending operator who still feels optimistic about the industry. Dave Hart started his coffee service business, Coffee To You, 12 years ago and finds personal satisfaction in giving back to the industry through associations. Greg White, Burdette Beckmann, Inc. believes in bringing manufacturers, operators and distributors together to make a better team. Jim Parsons of Vistar NorthWest strives to be an asset to the industry. And, Shanme Dalton of

Mars Drinks North America is dedicated to supporting operators in as many ways as she can.

### New look for Readers' Choice awards

Next year the Readers' Choice awards will have a new look and feel. Watch for the products of the year nomination coming to your inbox or on [VendingMarketWatch.com](http://VendingMarketWatch.com) in early 2013.



Next year the Readers' Choice awards will get a makeover. Watch for the new logo on 2013 Products of the Year nomination forms — coming soon.

### Technology and consumer engagement

Also in this issue, we continue to look at the opportunities and challenges that face vending every day. Technology is always at the forefront of operators' minds as they weigh the cost of investment with the financial return, as well as how to implement the changes. To address this topic, we have a new contributor, Ben White, who makes his writing debut in this issue of *Automatic Merchandiser*. White worked for many years at a Maryland vending operation as general manager and recently began his own consulting business. He is excited to share his tips for implementing technology with our readers in the article: 4 steps to technology integration.

Michael Kasavana, Ph.D., is back with part 3 of his V-Engineering series. This installment focuses on mobile devices and how vending can use them to engage with consumers and successfully market products in order to gain revenue.

Whether it's the story of an exceptional vending operator or the latest trend in mobile marketing, *Automatic Merchandiser* remains dedicated to the vending industry, and all the segments it encompasses, including micro markets and coffee service. Enjoy the read. ▶◀

Emily Refermat, Editor  
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By Emily Refermat, Editor

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\* White Castle Twin Cheeseburger is ranked #1 in frozen food sales according to "State of the Vending Industry Report," *Automatic Merchandiser*, June/July 2010



# The need to diversify isn't just for vending

Introducing video content created and delivered to address your needs in vending, micro market and office coffee service.

**T**hroughout the years, *Automatic Merchandiser* and *VendingMarketWatch.com* have given you many articles regarding the importance of diversification in your business, the need for embracing new technologies and new ideas. The same goes for us in the publishing



By Monique Terrazas, Publisher

**WATCH for our first VMW video newscast featuring news you can use.**

world. Not long ago, print was king and while print is still vital in business to business, the importance of the Internet has increased over the years. A *Monline.com* evolved to *VendingMarketWatch.com* along with the daily eNewsletter. I love the fact that when I'm at a show, someone will pull out their phone and show me our eNewsletter and tell me, "I read it every day."

The explosion of new media has continued to create many opportunities to get content out and we need to take every advantage there is to help you access that content in your preferred format.

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### VendingMarketWatch news as video

Realizing this need, *Automatic Merchandiser* and *VendingMarketWatch.com* have always been quick to adapt to new technologies and media. Today is no different. I'd like to introduce the FIRST video newscast dedicated to providing you with information strictly related to vending, micro market and office coffee service. This is an exciting time for us as we now can communicate with you in print, online, mobile, through social media and now video.

*VendingMarketWatch News* will be delivered to you two times a month via your email or you can access it 24/7 on *VendingMarketWatch.com* using our news and media center pages.

Giving you the tools through content created and delivered to address your needs in vending, micro market and office coffee service will always be our main mission, no matter how you access our media. And who says that innovation can't be a little fun along the way? If you have any ideas on content that you'd like to see featured in the future, please drop me a line. | ◀

Monique Terrazas, Publisher  
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## Hostess closes after 82 years in business

**H**ostess Brands Inc., founded in 1930 and based in Irving, Texas, has closed and will be liquidated. The U.S. Bankruptcy Court for the Southern District of New York approved its emergency interim motion for the orderly wind down of its business and sale of its assets.

The motion was approved after Hostess and the Bakery, Confectionery, Tobacco and Grain Millers Union (BCTGM) were unable to reach an agreement during a final mediation in November.

The wind down means the closure of 33 bakeries, 565 distribution centers, approximately 5,500 delivery routes, 570 bakery outlet stores and the loss of 18,500 jobs. Hostess intends to retain approximately 3,200 employees to assist with the initial phase of the wind down.



Hostess Brands plans to sell its product brands and assets.

growing Snyder's-Lance national distribution network for their brands.

### Mayor Rahm Emanuel proposes healthy vending initiative

► **Chicago Mayor Rahm Emanuel** proposed an ordinance requiring healthy items in vending machines on city property. Guidelines include limits on beverage and food sizes and calories. Prices must also not exceed those charged for other products.

**Carla Balakie**, president and CEO of the **National Automatic Merchandising Association (NAMA)**, applauded Mayor Emanuel and the City of Chicago in promoting informed choices in the area of health and wellness.



### GMCR offers Costco Kirkland Signature K-Cups

► **Green Mountain Coffee Roasters, Inc. (GMCR)** is the exclusive manufacturer of **Costco Kirkland Signature™** brand **K-Cup®** packs for the Keurig® single cup brewing system. GMCR has developed two blends exclusively for Costco with 100 percent Arabica coffees: Breakfast Blend and Pacific Bold.

### Starbucks to acquire Teavana

► **Starbucks Coffee Co.** will acquire **Teavana Holdings, Inc.** in an all-cash acquisition. Starbucks plans to grow and extend the brand.

Teavana shareholders are challenging the sale, claiming their shares were undervalued.

### 10 accused in candy vending scam

► The U.S. Department of Justice unsealed an indictment in which 10 individuals were charged in connection with **Multivend LLC, d/b/a Vendstar**, which sold a bulk candy vending machine business opportunity. Associates are accused of misrepresenting profits and potential locations. The trial is set for Sept. 23, 2013, in Fort Lauderdale, Fla.

## BUNN®

### Bunn launches My Café, home version

► **Bunn** launched a home version of its single-serve coffee brewer, **My Café**,

which can brew K-cups, ground coffee, soft pods and tea bags.

### Six states raise minimum wage rates

► **Florida, Montana, Ohio, Oregon, Washington and Rhode Island** have increased the minimum wage that can be paid to employees in 2013. At the time of printing, **Colorado** and **New Jersey** were also considering minimum wage increases.

### Police arrest Massachusetts vending thief

► **Donald Packard**, an employee at the Department of Correction at the Bay

State Correctional Center in Norfolk, Mass., is accused of stealing more than \$8,000 from vending machines in the Greater Boston area, according to the *Stoughton Journal*. Packard accessed numerous vending machines using keys he kept from his former employment at a vending company.

### Snyder's-Lance enter distribution agreement with Inventure Foods

► **Snyder's-Lance, Inc.** and **Inventure Foods, Inc.** completed a strategic distribution agreement that will expand the Snyder's-Lance independent business operator (IBO) route distribution system in Arizona and offer increased access by Inventure to the



## CRH Catering installs 40 machines for student project

▶ **CRH Catering Co. Inc.** will be installing 40 vending machines in the Chambersburg Area Senior High School in Chambersburg, Pa., as part of a student enterprise project, according to the *Public Opinion News*. The machines will have products that follow federal nutritional guidelines, be turned off during the lunch period and be serviced in every way by the students.

## GMCR, Lavazza launch at-home cappuccino, latte brewer

▶ **Green Mountain Coffee Roasters, Inc., (GMCR)**, in partnership with **Luigi Lavazza SpA** announce the

Keurig® Rivo™ cappuccino and latte system.

## Frito-Lay recalls GRANDMA'S peanut butter cookies

▶ **Frito-Lay** voluntary recalled GRANDMA'S peanut butter sandwich creme cookies due to undeclared milk and egg on the ingredient label.



## Kraft sells Maxwell House, Gevalia K-Cups

▶ **Kraft Foods Group** is selling **Maxwell House** and **Gevalia** K-cup coffee pods, according to *Reuters*. The pods will not be licensed by Green Mountain Coffee Roasters Inc., but will work in Keurig single-serve brewers.



## Colorado vending company launches rental program

▶ **Quench Beverage & Snack Co.** of Greeley, Colo. launched a new service program for locations — vending machine rentals. The company offers to rent vending machines to businesses that wish to fill the machine themselves and is marketing it as a way for employers to offer their staff drinks and snacks at a lower cost.

Quench Beverage & Snack Co. plans to deliver cases of product to the location that will be put in the vending machine.

## People in the News

### Peet's appoints Burwick president

Peet's Coffee & Tea, Inc. has appointed Dave Burwick president and chief executive officer, effective Dec. 31, 2012. Burwick will succeed Patrick O'Dea.

### NAMA names Edward McGoey vice president, finance and administration

The National Automatic Merchandising Association (NAMA) announced Edward McGoey has been named vice president, finance and administration.



McGoey

### Fred Steiner becomes 2012 Coffee Legend

Fred Steiner of Imperial Coffee and Service, Inc., was chosen as the National Automatic Merchandising Association (NAMA) 2012 Coffee Legend and honored at the NAMA 2012 CoffeeTea&Water event.



Steiner

### Vending repair program names new instructor

Randolph High School Vending Repair Program announced Patrick Donahue the new program instructor. Donahue will replace Jim Clark who has been the long time repair program instructor and who is planning to retire this school year.

### Tim Brown succeeds Kim Jeffery as president of Nestlé Waters

Nestlé Waters North America Inc. president and chief executive officer, Kim Jeffery, plans to step down from that role to assume a non-executive chairman position effective Feb. 1, 2013. He will be succeeded by Tim Brown, president and CEO of Nestlé Canada.



Brown



Jeffery

### Sugar Foods appoints Jim Walsh chief operating officer

Sugar Foods Corp. announced the promotion of Jim Walsh to chief operating officer. Walsh will also retain his current title and role of executive vice president as well as his current responsibilities for finance, accounting, transportation, distribution, and purchasing.

## CALENDAR OF EVENTS

### JAN. 30, 2013

**Connecticut Vending Association General Membership Meeting**  
Dakota Steak House,  
Rocky Hill, Conn.  
Phone: 860-242-9689  
Email: Scott.Miller@mhft.com

### JAN. 18 -20

**South Carolina Vending Association Winter Conference**  
DoubleTree Hotel in Chaleston, S.C.  
Phone: 919-459-2070  
Email: kateeb@imiae.com

### APR. 24 - 26

**2013 National Automatic Merchandising Association OneShow**  
Venetian/Sands Resorts, Las Vegas, Nev.  
www.namaoneshow.org

# Atlantic Coast Expo attendance up 10 percent in 2012

Regulations, micro markets and technology top event's must-see list.

In October, 700 attendees and exhibitors converged on the Embassy Suites Hotel at Kingston Plantation in Myrtle Beach, S.C. for the networking, educational sessions and trade show promised by the Atlantic Coast Expo (ACE).

Attendees were educated by Heidi Chico, president of the Wittern Group, about regulations affecting the vending industry, such as the side and forward reach heights required by the new American's with Dis-

abilities Act. Those requirements are currently in effect for vending machines and micro market kiosks, according to Chico. While existing machines are grandfathered in, Chico went on to say that any change to a location or machine means it will no longer be compliant and needs to be retrofitted or swapped out. The Department of Justice will be enforcing the compliance law and the first offense could be a fine of up to \$55,000, with subsequent viola-

tions reaching \$110,000. However, the fines will be delivered to the location. The industry has asked for a "Right To Cure" clause in the act, which would allow an operator to correct a machine in violation before getting a fine. "We need some protection from litigation," said Chico.

### Micro markets draw a large crowd

Following the regulation update, a panel of operators shared their micro market experience. The five operators got into micro markets for varied reasons including customer requests, adding cashless, staying competitive and being a leader. All operators reported increased sales at the locations with markets, compared to a vending bank. Many said service calls were non-existent.

Fresh food sells especially well in micro markets, operators found. Food is usually a loss leader in vending, but Carl Moser of Cardinal Canteen, Clarinda, Iowa, reported that it represented 30 percent of his micro market revenue. Spoilage is balanced by operators charging higher food prices in markets than consumers would accept in vending machines.

Healthy products played a role in micro market growth. Operators averaged 300 SKUs per market of product, with many considered healthy product offerings.

Creating excitement around a market opening, such as doing a raffle or offering credits in users



▲ The Atlantic Coast Expo committee officially opened the 2012 ACE show on Friday, Oct. 5.

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accounts, can drive sales. Scott Haloran of Trolley House Refreshments in Richmond, Va., does an on-site raffle when he opens a micro market to draw interest and teach people to use the kiosk at the same time.

Mike Lawlor from USA Technology encouraged operators to move beyond clean, filled and working and invest in technology. He reported advantages of cashless, such as a 15 to 20 percent increase in top-line sales revenue across all categories. He also discussed advantages of two-tier pricing, where a \$.10 discount is given for paying cash at a machine.

Randy Smith from LightSpeed Automation discussed how to choose a technology provider. He recommended those who partner with the operator, integrate their systems with existing technology and have longevity.

Chris Gomez from Vendors Exchange International Inc. reviewed

touchscreens, intelligent vending, machines interacting with customers' smartphones, product recognition delivery systems, dynamic price changing and services using the cloud, all possible with new Intel architecture within the vending machine.

### Industry awards presentation

The association also recognized its members on Saturday. Alvin Huffman, Northwest Food Service, North Wilkesboro, N.C., was named 2012 North Carolina Vendors Association Vendor of the Year. Mike Frye, Southeastern Vending Services, Charlotte, N.C., was named 2012 North Carolina Vendors Association Supplier of the Year.

The Virginia Automatic Merchandising Association named Rick Matthews, HL Toms, Virginia Beach, Va., 2012 Vendor of the Year.

Wayne Seagraves of Canteen Vending, Ridgeway, Va., and the ACE 2012 chair, received the Chairman's Award.

Next year, ACE will be held Oct. 3 to 5, 2013, at the Embassy Suites Kingston Plantation in Myrtle Beach, S.C. | ◀



▲ The Atlantic Coast Expo drew 700 registrants to Myrtle Beach, S.C., Oct. 4 to 6, 2012.

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# 4 steps to integrating vending technology

By Ben White, Contributing Editor

Whether implementing new equipment upgrades or pre-kitting software, all operators need to do is follow a recipe.

Over the last decade, technological innovations have led to a movement to modernize the vending industry. Some companies have made significant advancements in efficiency and productivity by incorporating technology into their daily operations, while others have seen little realization of technology's benefits. Implementation headaches for office staff, technicians, and route drivers have limited the potential returns of many promising devices.

If item level data collection, pre-kitting, telemetry and other computer assisted solutions are critical to the survival of operators, how can the challenges of implementation be overcome? During my tenure as operations manager for Monumental Vending in Beltsville, Md., I oversaw the integration of many such devices and systems. As we adapted to each new innovation, I began to notice how the operation's implementation strategy mirrored, of all

things, the White family method for baking cookies. Successful technology integration, and better baking, are both achieved by following four steps.

Similar to how cookie baking requires both wet and dry ingredients, implementing technology into a vending operator requires different components. The wet ingredients in the vending scenario are the people trying to communicate with the new device or system, while the dry ingredients are the devices and systems themselves.

Visualization of the finished product is also important. Senior management should decide what integrations go along with the overall goals of the company and paint as clear a picture as possible of the desired results.

## Step 1. Assemble ingredients beforehand

Assembling both the people and hardware beforehand will save time and limit frustration when starting to install the systems. Selecting the right people from each department (route drivers, technicians, office staff, etc.) who will be spearheading the integration is critical for smooth integration. Let them know what success will look like and get their buy-in for completion. **All the various components of technology (handhelds, telemetry units, VMS/pre-packing systems, material handling devices, workstations, etc.) require human beings to install, activate, build and maintain them.** People make technology perform. The right group of leaders with the right set of goals will produce the longest lasting positive change. Talk to equipment and system suppliers to be sure you can procure enough hardware. Purchase material handling supplies beforehand so you have what you need to expand quickly. For example, nothing slows down pre-kitting faster than running out of totes.



## Step 2. Make precise measurements

Much like ordinary cooking, day-to-day vending operations can often get by with a fair amount of improvisation. However, just like baking, data driven efficiency improvements require a much more precise approach.

**Good results in baking and successful technology integration both require accurate measurement.** The phrase, "garbage in, garbage out" is quite applicable here. Computers can only regurgitate what they have been given. In baking, the exact proportions of sugar, fat and leavening agent play a big role in the finished products' presentation, taste and texture. Similarly for vending, the pre-kit lists, returns and product selections rely on accurate line-item data.

## Step 3.

### Incorporate the dry ingredients gradually

Adding the dry ingredients to the wet ingredients all at once doesn't make a very good cookie batter. It's better to mix the components together a little at a time. In my experience, this is a good tactic to employ when adding any new piece of technology to an operation as well.

**Make the new device or system work on one route first**, before expanding it any further. This gives the company time to start adjusting to change and gives the project a greater chance for success.

**Once the device or system is stable on the first route, expand the project out to three.** Once the group of three routes shows it can function properly, move it out to the rest of the company as quickly as time and resources permit.

## Step 4.

### Watch each batch bake

Knowledge acquired from data is incredibly powerful and can bring about significant changes in human behavior. When the White family bakes, we pay special attention to each batch as it transforms in the oven from dough to cookie. The lessons we learn from the first batch make subsequent batches better. The same is true when churning out technology improvements.

**Pay close attention to the data as it begins to accumulate.** Is it accurate? Are the calculations correct? What are we learning that we never knew before?

**Pay equally close attention to the staff leading the project.** Are their questions being answered? Are they getting the support they need? Who can they turn to when problems arise? Lessons learned from the initial integration will help tremendously with subsequent integrations.

## The finished product

For my family, our efforts can be enjoyed almost immediately. Rewards from incorporating technology throughout the organization takes a little bit more time. However, the finished product is well worth the effort. New innovations and increased regulation continue to transform our industry. The time to perfect a recipe for adapting and profiting from these changes is now. I am looking forward to the future of automated retail. Incorporating technology will bring significant advantages to every organization that embraces a positive culture of change. | ◀



*Ben White is an industry veteran and founder of Vending Insights, Inc., a vending consulting business. He can be contacted at [ben@vendinginsights.com](mailto:ben@vendinginsights.com).*

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# How technology will impact and alter consumer purchasing in the future

Michael Kasavana, Contributing Editor

**Mobile device applications such as location-based services, geo-fencing, QR codes and intelligent vending will allow vending machines and micro markets to actively engage the consumer, and increase the likelihood of a purchase.**

**M**arketing has evolved. Already we've seen the promotions from newspapers and magazines evolve for television, and then change further for use with search engines and social media sites. Now marketing messages to the consumer have transitioned into mobile devices. Smart-devices, like the iPhone, Android phone and Blackberry, have access to application software (apps) capable of immediately impacting and altering consumer purchase behavior, especially at various point-of-sale locations, like vending machines and markets.

## Location-based services

Among the most popular mobile device app downloads are location-based services (LBS); software capable of creating commercial touchpoints that otherwise would not exist. Simply stated, a LBS app enables a user to search and locate registered sites, as well as receive promotional sales incentives from those sites, based on proximity, product offerings or past product purchases. In the case of vending, for example, a location-based service is under developmental consideration that will enable a consumer to find the nearest vending

## Location-based services app

When the consumer clicks a smartphone LBS icon, an area map would be displayed indicating the nearest specialty vender.

Forrester Research predicts that by 2015 eighty-two million people will rely on mobile devices as a primary reference tool for selecting refreshment and entertainment venues.

## Geo-fencing

This push technology allows proximity-based messages to be "pushed" to registered mobile devices either as they enter a specific area, such as within range of a vending machine, or a specific time of day.



machine offering a category of products desired (e.g. snack foods, cold beverages, hot beverages, frozen treats, etc.).

### Increase reach with geo-fencing

Geo-fencing is defined as a push technology that enables an entity (e.g. vending machine) to broadcast digital messages when a mobile device has been carried into an active signal area or a time-sensitive sales campaign has been invoked. Simply stated, geo-fencing creates a virtual area around a particular location or object. When a consumer's recognized mobile device enters this area, a pre-determined, proximity-based message can be "pushed" to the device. It is important to note that the consumer's device needs to be registered to serve as a push target.

A push service can be activated by an event (e.g. consumer arrives in a targeted area) or be a dynamic, time-dependent promotion (e.g. for the next 30 minutes a second purchase at any vending machine will be 15 cents off). Dunkin' Donuts, for example, is credited with being among the first business to use push-based promotions to notify consumers when they are in close proximity to a store. The notice might contain a mobile discount, reward points bonus or other promotional gains.

### QR codes engage consumers

Quick response (QR) codes can be useful for engaging a consumer as well as product information. QR codes can also offer machine monitoring. (See sidebar.)

QR codes can be placed on each product, or displayed on a video screen, for product merchandising and promotion as well as product nutrient and ingredient disclosure. Impending government regulations related to calorie disclosure may be satisfied through QR linkage to a mobile Webpage.

As more sophisticated applications are developed, vending equipment will likely display a concierge type list of products not available from the actual machine, but through online sales.



#### QR codes allow consumer machine monitoring

A QR code prominently displayed on each vending machine in the field allows a form of remote machine monitoring.

When a consumer encounters a problem (e.g. lost money, product hang-up, service required, etc.), he or she can use a smartphone to scan the machine's QR code and connect to the vending operator's mobile Webpage. The consumer touches or clicks on the problem from a preset list.

A report identifying the machine (from the unique QR code), time and description of the problem are sent via SMS text message or email to the operator.

The consumer could place a remote purchase through the use of a QR code at the vending machine, pay and expect delivery to a specified address some-time later.

### Measuring digital marketing

When trying to sell to the consumer, the most valuable content is analytics. Dynamic digital messaging requires content that is current, relevant and most importantly, engaging. Particular attention must be given to its message (i.e. content, style and special effects). The impact can be measured through a correlation between a playlist audit (content menu) and sales data (purchase transactions). A positive correlation indicates an effective impact profile; while a negative correlation means the content likely did not influence consumer purchase behavior.

### Targeted promotions

Intelligent marketing refers to the ability to provide relevant messaging to a consumer based on analytical profiling. Sophisticated vending applications include a machine mounted camera capable of 'anonymous analytics,' meaning that the gender, age, time of day and product selection behavior of a consumer can be captured at the point of purchase. Some applications also claim to be capable of deciphering the consumer's mood at the time of purchase. These consumer analytics can be included in a search engine capability that will filter offerings or reduce the product choices available, based on what is deemed most appropriate for a specific class of consumer at a particular time of day (e.g. woman in her late 40s at 2:30 p.m. on a Friday afternoon at the vending machine).

Mobile devices have changed the way retailers go to market, and vending is no exception. With upcoming applications that allow consumers and the vending machine to engage each other with targeted promotions, the vending industry will have a new and exciting future. | ◀

# Vending Operator of the Year:

## Barry Frankel

Family Vending Co., Sunrise, Fla.

**A**fter 30 years in vending, Barry Frankel remains optimistic. He embraces the newest technology to help him run his business and sees a positive future for vending. As part of the National Automatic Merchandising Association (NAMA) board, the 2012 Vending Operator of the Year has helped change the image of vending in the media, and revitalized it in the minds of the next generation of consumers.



Vending Operator of the Year has helped change the image of vending in

### From OCS to vending

In 1982, a friend who worked as a coffee roaster gave Frankel the idea of starting an office coffee service business. Frankel borrowed \$500 and launched Electro Brewed Coffee Service. He sold coffee and allied products from a used van with a broken air conditioner and put all his money into equipment for new locations. When he finally won a large location, Eagle Distributing, part of Budweiser Distributing, he had mixed feelings. "It doubled my business," he said. "(But) every week I was afraid they'd cancel their service." As it happened, this large loca-



Barry Frankel embraces new technology and believes vending has a bright future.

**“They (micro markets) are putting some energy back into this industry.”**

tion would change the direction of Frankel's company.

When the owner of the Eagle Distributing location called Frankel into his office, he was full of nerves.

Nerves turned to surprise, as the owner explained that he wanted Frankel to put in vending machines that only sold Eagle Chips, a company Budweiser had recently acquired. The owner would arrange a good wholesale price and Frankel would get the profits. Unfortunately, Frankel didn't have the capital for the vending machines, so the owner agreed to purchase the machines for him.

It was Frankel's big break and he took advantage of it. He went to other distributor locations and said, "Hey, I'm the Eagle chip vendor." He added four additional locations, but had to sell his OCS business to finance the snack machines. He became strictly vending in 1984.

It wasn't until 2010 that Frankel added coffee to his list of services again. Now the division is headed by his daughter Charisse. She has launched promotional campaigns

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around the service and added janitorial supplies. "It's been great for us," said Frankel. In 2013, he plans to offer an extensive array of office supplies through that division as well.

### Belief in technology

When using DEX in vending was first introduced, Frankel was an early adopter. Unfortunately, it didn't work as promised. After working closely with the company, Frankel finally started seeing the benefits. Currently, Frankel uses MEI for his data and vending management. He admits he's been a little slow to adopt wireless and pre-kitting, but he plans to incorporate those technologies into his operation soon.

## GENERATION Y prefers to interact with machines instead of people.

Frankel has already adopted micro markets. He has 12 Avanti systems and is planning to add more. "They (micro markets) are putting some energy back into this industry," Frankel said.

Frankel is also looking at how technology can offer non-traditional opportunities. In 2012, he launched a retail Website, [shopfamilyvending.com](http://shopfamilyvending.com).

Customers can log on and purchase any of the 10,000 items on the site.

Another unique opportunity Frankel is testing is using a card reader on a vending machine to pay for minutes on rechargeable cell phones. It's currently popular in Mexico, but Frankel believes there's a market in the U.S. as well.

### Active in the industry

Frankel has been a long time member of the Automatic Merchandising Association of Florida (AMAF). He was made president in 2006 and then joined the NAMA board of directors. The association was facing big challenges at that time. Operators were going out of business and the obesity epidemic in the country was being blamed, to a large degree, on vending. "As a board we had to come up with strategies to revitalize the industry," said Frankel.

In the coming years NAMA would take multiple steps. It created the Fit Pick program to counter claims the industry wasn't addressing obesity. It hired an outside research company to discover if vending had a future. What the research found gave the board new hope, according to Frankel, because it showed

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Generation Y preferred to interact with machines instead of people.

“We felt we needed to go in that (Gen Y) direction,” said Frankel as NAMA searched for a new CEO. “We wanted to go with someone who understood that a little better.” Therefore, in 2011, the board asked Carla Balakgie to lead NAMA into a new era.

**Gratitude tour is marketing win**

Frankel knows the Gratitude Tour, which launched in 2012, had mixed reviews from the industry. However, he believes it achieved its goal. “What we were trying to do was get positive press ... without spending money on advertising,” explained Frankel. With all

**Profile:  
Family Vending Co.**

- Location:** Sunrise, Fla.
- Founded** 1986
- Number of Machines:** 3,000
- Number of employees:** 32
- Equipment suppliers:** Crane, U-Select-It
- Technology suppliers:** MEI Easitrax, USA Technologies ePort
- Annual sales:** \$8 million

the negative media focus, Frankel and the NAMA board were

afraid vending machines would be attacked and removed, like cigarette machines.

The Gratitude Tour allowed a couple thousand dollars to be transformed into massive, positive, media coverage. “Every where they took it, the press was fantastic,” added Frankel. He also likes to point out there are not as many negative comments about vending in the news anymore.

Frankel has been doing vending his whole life, the future still excites him. However, the best part is the people. “Here, at this company, it’s a whole family that works together toward each goal,” said Frankel. “It’s so much fun to come to work here.” ◀

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# OCS Operator of the Year: Dave Hart

Coffee To You, LLC, Santa Clara, Calif.

**F**or Dave Hart, the coffee service business is very rewarding. “You should have a passion for your work,” he said, “and being passionate about coffee has been successful for us.”

Over a long career working for vending companies and manufacturers, Hart decided coffee was boom-



ing and in 2000 started his own office coffee service business. Twelve years later,

Hart, the 2012 OCS Operator of the Year, is known for his steadfast commitment to customers and his loyalty to the vending, micro market and office coffee industry.

## A family start

In 1977, Hart began working for his father-in-law at a full-line vending operation in California called De Paul Service Co. At that time, Hart's in-law had just launched his OCS business as well, Diversified Coffee. Hart found himself learning both sides of the businesses from the onset. “I was young and willing,” said Hart. “I would be a route driver one day and the next restocking soda machines.” It wasn't long before Hart was running the vending service department.



**Dave Hart believes in making a commitment to customers and giving back to the industry.**

In 1989, after 12 years, it was time for a change. Hart went to work for Crane National Vendors in field service. After offering his service skills to local operators, Hart wanted to start his own company, and could see there was a huge demand for coffee, especially in the Silicon Valley area.

## Becoming a coffee provider

In 2000, Hart decided to strike out on his own. With the support of his wife, brother and close industry friends, he started Coffee To You in Santa Clara, Calif.

Even with all Hart's experience, launching his own OCS business was a challenge. “Until you take that first step, you don't realize how much of your time and energy is spent learning,” he said.

As with any service business, adding the right people was imperative. “It comes down to the person who is out there every day visiting your customers,” said Hart. He believes proper service and communication are vital to the coffee service business since most operators offer similar products and equipment.

His training program doesn't involve long hours or a formal process, it's more an outlook. “I project me, my image, my personality, to the employees,” said Hart. He encourages his staff to be kind and courteous, but also not to promise the world, unless they plan to deliver it. He focuses on a team approach, sometimes using sports analogies to illustrate that every person in the company is important. He makes it known that every employee relies on everyone else to do their job. “If they perform their role as they should, the whole company succeeds,” added Hart. And it seems to be working.

“I hear it all the time ‘Dave, your guys are wonderful,’” confessed Hart.

This year, Hart added a customer service division to Coffee

CONTINUED ▶



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To You, which he says is the best thing he's done in a long time. "It helps build a rapport with customers, which is very important to me. When you do that, you and the customer have more of a vested interest in doing business together," he said.

**Association board member**

Something ingrained in Hart from early on, was a philosophy of giving back to the industry.

"If you don't get involved, who will," asked Hart. He's been a member of the California Automatic Vendors Association (CAVA) for four years, and is currently serving as second vice president. He will serve as president in 2014.



**Dave Hart credits his service manager, Buddy King, with keeping the business running successfully.**

He's also a believer in the National Automatic Merchandising Association (NAMA) and the changes it's made over the past

few years. Hart remembers when NAMA tradeshows were all about getting products and equipment. Now, the association has changed that by focusing more on educational sessions and providing information.

As a coffee service provider, Hart also appreciates how the association has split out the OCS booths at the OneShow. "That (the coffee pavilion) seems to grow each year," he said.

Additionally, Hart has been regularly attending the coffee, tea and water event since NAMA launched the first one in Cherry Hill, N.J., in 2008. "It's a fantastic show," said Hart. "It's been a great addition to the industry."

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**Service: innovation and organization**

In the future, Hart wants to see coffee service evolve with new products and equipment that will bring even more of the coffee house experience into the workplace.

"I thank Starbucks every day for opening our eyes to a good cup of coffee," Hart said with a laugh.

Of the recent changes, single cup has been one of the most successful for Hart. "That's what my customers are requesting," he said. However, he always pairs single cup with traditional air pots for meeting rooms and in executive briefing areas.

In the single cup segment, Keurig and Flavia are well known to OCS customers, but Hart reasons that soft pods will grow. He's

**Profile:**  
**Coffee To You**

**Location:** Santa Clara, Calif.

**Founded:** 2000

**Owner:** Dave, Sandy & Tim Hart

**Number of routes:** 4

**Number of employees:** 12

**Main coffee lines:** Peets, Starbucks, World Cup Roasters

surprised this hasn't happened since pods are less expensive than cartridge single-cup coffee and a "greener" option. He believes it will take a brand name roaster pro-

ducing and marketing pods to drive their growth.

Hart's biggest successes when bringing his service to a customer location isn't always coffee — often it is bringing organization to a breakroom. Coffee To You provides storage containers for sugar, stir sticks and other items usually placed on the counter.

"If everything is labeled — chances are it will get back the way it should," said Hart.

While Hart is flattered by the OCS Operator of the Year award, he feels most honored having a dedicated staff. "I have fantastic employees representing Coffee To You," he said. "I think that is most rewarding to me." ◀

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# Broker of the Year:

## Greg White

Midwest regional sales manager, Burdette Beckmann, Inc.

**T**o Greg White, a broker has two core responsibilities. He views himself not only as a manufacturer representative to the vending industry, but a proxy for vending distributor and operator concerns in the way manufacturers bring product to market. His goal is to bring both sides together into a strong team tailored to the vending industry, and his knowledge and experience have made it happen.



White, the 2012 Readers' Choice Broker of the Year, has grown the Midwest territory for Burdette Beckmann, Inc. (BBI) for the last three years using his varied experience.

### From college to vending

White got his start in the vending industry in college. While attending Purdue University, West Lafayette, Ind., White interned at Glenmark Industries. At the time, Glenmark was launching a new vending sandwich line and White got to see firsthand how the product went to market. From that point, he was hooked. When he graduated, he became a regional sales manager in Glenmark's vending division.



**Greg White represents manufacturers in the field, but also feels his job is to relay needs of vending distributors and operators back to the manufacturer.**

When an opportunity became available to join Saverino & Associates, Inc., Carol Stream, Ill., which was the Glenmark broker in the Midwest, White jumped at it. "I wanted to learn all of the ins and outs of the industry," said White, "and who better to learn from than the Saverino family, a family and business I will always have a very high respect for."

Six years later, White made the move back to the manufacturer side of the business with Merisant, the maker of Equal sweetener.

"It was an opportunity to run a division and start from the ground up," he said.

White ran the OCS division at Merisant. He and his team developed new goals, strategies and tactics that resulted in growth from a mature brand that had recent declines. He also began to understand and develop relationships in the vending and OCS industry from a national perspective.

White knew Robert Taylor, owner of BBI, since his first job at Glenmark and was always impressed with him and the organization, so when the brokerage gained the majority share of territory coverage for Merisant and planned to expand regions to a national platform, White was intrigued.

"Not only were they (BBI) pioneers in the expansion of territory to a national presence in the vending/OCS industry," said White, "but they were doing it at a pace to ensure they had some of the best and most experienced talent in the industry."

In 2009, with the support and investment of BBI, Greg White launched the Midwest territory.

While a broker's role changes based on the manufacturer, White believes the most important aspect is using his unique capabilities every day. When he worked for Merisant, one of

his main concerns was making sure the great ideas and strategies his team developed would work in the field.

"We represent our manufacturers out in the field to execute with distributors and operators, but we also represent our distributors' and operators' needs to our manufacturers," said White. He asks to be involved in manufacturers' decision making and product planning, so he, and the BBI team, can offer valuable industry insights and help ensure success. White reports more and more manufacturers are open to his input. "We touch so many manufacturers, operators and distributors," said White. "As brokers, we have that ability and we can do it."

**Profile: Burdette Beckmann, Inc.**

**Headquarters:** Hollywood, Fla.

**Founded:** 1950

**Region White serves:** Midwest Region

**National brokerage**

BBI has grown to have a national presence in the vending/OCS industry over the years, and White thinks that's definitely a good thing. Now there's one point of contact for manufacturers for the whole country, White explains. It also allows BBI to draw on the experience and knowledge of its employees across the nation. "Our biggest asset is our people," added White.

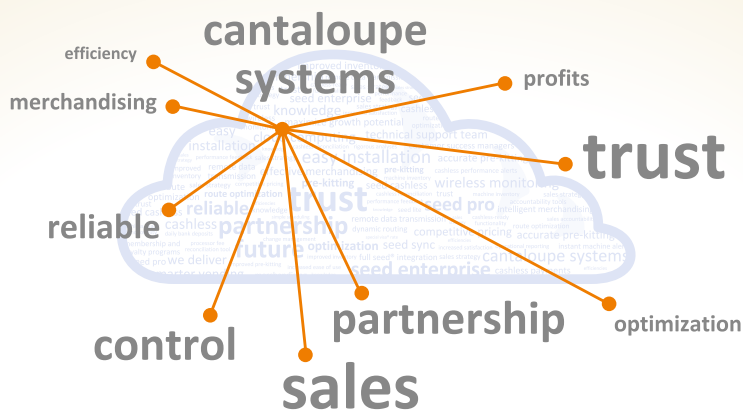
According to White, having that national presence and continually investing in the industry allows for progress and efficiencies, such as using technology to enhance cus-

tomers reach. A year ago, BBI added Salesforce, a customer relationship management program, to better service its customers and manufacturers.

The industry isn't the same one White came into as a recent

college grad, but he's glad of that. "As long as we continue to pursue new ideas and ways of doing business we can force change rather than change being forced on us," he said. | ◀

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# Distributor of the Year:

## Jim Parsons

Sales manager, Vistar NorthWest

**J**im Parsons redefines the role of a vend distributor as a candy, snack and beverage specialist. The 2012 Distributor of the Year understands the recent challenges of the vending industry and is proud of how Vistar has evolved to provide information and better use technology in order to remain a value to the operator. "We strive to be an asset," said Parsons.



and is proud of how Vistar has evolved to provide information and better

use technology in order to remain a value to the operator. "We strive to be an asset," said Parsons.

### Acquired by Vistar

Parsons began his vending career in January 2002 as a sales representative for Vend Products Distributing, a product distributor for the vending channel. He held the sales representative position for over a year when Vistar bought Vend Products in 2003. Parsons stayed on, and was promoted to sales manager in 2004.

Once he became a manager, Parsons saw the need for a change in the distributor strategy. "Previously it was more of a service role," said Parsons. "(A distributor) kept in touch with customers and kept them happy." Now Parsons and his team spend much of their time prospecting for new



**Jim Parsons isn't just a sales manager, but a candy, snack and beverage specialist.**

**“Vending really is the last retail... that only takes money.”**

business and honing their business tools.

Parsons' team in the Northwest, and all of Vistar, has started distributing to other retail estab-

lishments such as universities, theaters, concession areas and hotels, but that doesn't overshadow his commitment to vending.

"There's a lot of best practice sharing among channels," said Parsons.

According to Parsons, vending makes up 50 to 60 percent of Vistar's business. He has strived to make the Vistar NorthWest Website a place for operators to get useful promotions and information, including product information for micro markets. "The micro market revolution will continue," Parsons said, and Vistar carries a number of items for micro markets that aren't on the traditional vending ordering guide.

Parson believes that as more data is available from the micro market brands, more operators will add these systems.

### Cashless is a big opportunity

Part of the popularity of micro markets is that they offer cashless payment options. In fact, Parsons sees cashless as a big opportu-

nity in vending as manufacturers work to make it affordable to operators.

“People lose the sensation of parting with their hard-earned cash (when using a cashless payment system),” said Parsons. “Vending really is the last retail ... that only takes money,” he added.

**Part of the local association**

In August 2012, Parsons was named to the Northwest Automatic Vendors Association (NAVA) board of directors. It's a role he's excited about.

“Having been in this industry for 10 years, and coming from

He took the National Automatic Merchandising Association's certified executive exam at the same time, so he is also designated a NCE.

Vending remains a large part

of what Parsons and his team do every day. “We have great relationships in the industry,” he said. He will continue to share his vending knowledge and experience. | ◀

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**Profile:**  
**Vistar Northwest**

**Headquarters:**  
Centennial, Colo.

**Markets served:**  
Pacific Northwest, including Alaska, Washington, Oregon, Western Idaho and Western Montana

outside of it, I can provide some insights and ideas to help the association along,” said Parsons. Currently, he's working with the NAVA on a strategic plan for the future of the organization including how to grow membership and create a value to the vending and office coffee channel.

Parsons also graduated the Michigan State University Executive Development Program in 2010. “It was great. I really enjoyed it,” said Parsons. “I'd recommend it to anyone in the industry.

# Manufacturer Rep of the Year: Shanme Dalton

Territory Sales Manager, Mars Drinks North America

Single cup and sustainability top Shanme Dalton's list of today's most important topics in the coffee service side of the vending industry. But offering products that meet these two needs isn't enough for the *Automatic Merchandiser* 2012 Manufacturer Representative of the Year.

Dalton is also dedicated to supporting

the operators. "They're my partners," she said. "I succeed, when they succeed."



Dalton was new to the coffee business five years ago when she joined Mars Drinks North America as an account executive in Atlanta, Ga., from Sara Lee Foods. She has found her work with Mars Drinks exciting and varied. Dalton's job may include going on sales calls with operators, cold calling, reviewing quarterly sales and arranging operator trainings. "It's always evolving depending on the needs of our customers," Dalton explained.

### Increased single cup demand

Single cup is relatively new in the Atlanta market. Therefore, Dalton does a lot of training sessions discussing options and selling strategies for that OCS segment, but it's definitely growing. "I see that (trend) continu-



**Shanme Dalton succeeds when the operator does, whether it's with single cup solutions or green education.**

ing due to the convenience and choice it gives people," said Dalton. She helps operators determine where the Mars Drinks system would be a good fit.

### Revival of sustainability

Another recent trend Dalton has noticed is renewed interest in sustainable products. There had been a

big push for "green" until two years ago when she saw companies cutting costs. "And unfortunately sustainable products are more expensive," said Dalton.

Recently, however, Dalton has gotten more requests for information about the environmental impact of the company's products.

"To help companies address these sustainability concerns," said Dalton, "we (Mars Drinks) do

so much on our end to make sure we offer a sustainable solution." Dalton cites Mars Drinks' energy efficient brewers, and a new Freshpack recycling program. "Now customers can send packs in, instead of them going into a landfill," explained Dalton. "The coffee is used as compost, and

## Profile: Mars Drinks North America

**Founded:** 1955 (U.K.), 1995 (U.S.)

**Headquarters:** West Chester, Pa. **Territory:** Southeast

**Product lines:** FLAVIA® brewers, ALTERRA COFFEE ROASTERS®, THE BRIGHT TEA CO.®, DOVE® Hot Chocolate



**AdvancePierre Foods** introduces a new line of breakfast sandwiches for micro markets — **Fast Bites®**. The five new sandwiches include a sausage biscuit, sausage sandwich on a bun, sausage and cheese sandwich on a bun, breaded chicken biscuit and spicy breaded chicken biscuit. Fast Bites® value pricing is ideal for “2 for \$2.22” promotions or as part of a combo meal deal.  
[www.vendingmarketwatch.com/10765409](http://www.vendingmarketwatch.com/10765409)

the laminate is repurposed and used by manufacturers to create new products ... like sidewalk pavers and merchandiser parts.” In addition, Dalton explains that the Mars manufacturing plant is a zero waste facility. “This is information they (operators) can put in their back pocket,” said Dalton.

**Partnering with operators**

Serving a large area, Dalton spends a lot of time traveling and on the phone, but remains dedicated to the operator. “It’s important to me that my distributors (operators) know I’m there to support them,” she said. “It doesn’t matter if I’m not in the same state.” | ◀

**Maxon** offers the newest addition to its **Tuk-A-Way®** product line, the TE-33 liftgate. The TE-33 has a 3,300-pound lifting capacity, an option for a bolt-on extension plate and a bolt-on heavy-duty step assembly. The TE-33 is optimal for small- to mid-sized trucks with beds as low as 38-inches and is available in 48 x 84-inch or 52 x 84-inch wedge-type steel platform sizes.  
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