

TECHNOLOGY AND CONVENIENCE FUEL GROWTH

As technology enables operators to explore locations beyond business and industry, the industry has continued its upward trend.

by Linda Becker, Editor-in-Chief

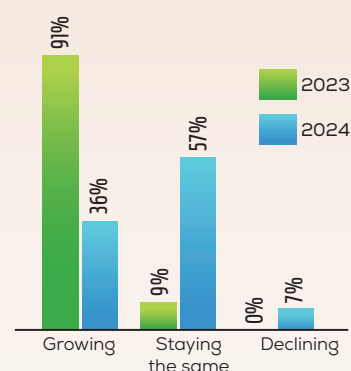
CHART 1A:
Industry revenue in billions



CHART 2:
Operator sales

SIZE	REVENUE RANGE	% OF 2024 OPERATORS	PROJECTED 2024 SALES	% OF 2024 SALES
Small	under \$1M	52%	\$2.67B	7.90%
Medium	\$1M–\$4.9M	28%	\$6.33B	18.70%
Large	\$5M–\$9.9M	10%	\$2.78B	8.20%
Extra large	\$10M +	10%	\$22.07B	65.20%

CHART 1B:
Micro market 2-year review



The vending and
micro market
industry climbs
30%
in total revenue.

IN 2024, VENDING AND micro market sales increased by 30%, from \$26.04 billion to \$33.85 billion, according to our exclusive research in the State of the Vending and Micro Market Industry report, marking the continuation of the post-pandemic resurgence.

Many of the same drivers behind 2023's gains carried into 2024:

- Growth of locations as workers return to the office.
- Revenue gains from new accounts.
- Increasing prices.
- Adding new services for existing customers.
- Implementing new equipment and technology.

At the same time, easing inflation and labor concerns have removed some pressures on operating costs.

NEW OPERATOR INFLUX

Again in 2024, new operators entered the vending space, drawn by the promise of “passive income” touted by social media influencers. While small operators, which are defined as those with less than \$1 million in annual revenue, account for 52% of the number of operators, they drove the smallest percentage of sales in 2024, at 7.4%. As small operators continue to scale up in future years, it is anticipated that they will account for a larger share.

Consolidation effect:

65%
of the industry's
revenue is made up of
10%
of the businesses.

CHART 3A:
Machines by location

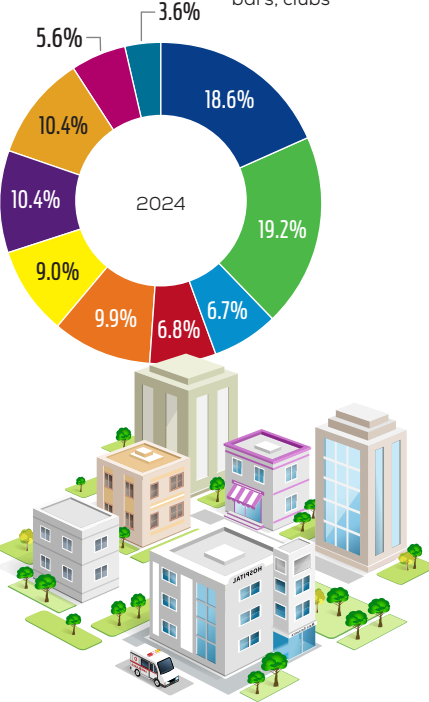
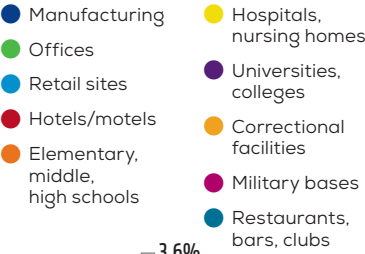


CHART 3C:
Micro markets by location

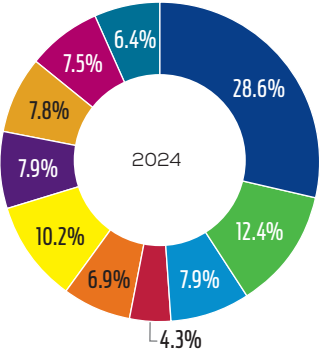
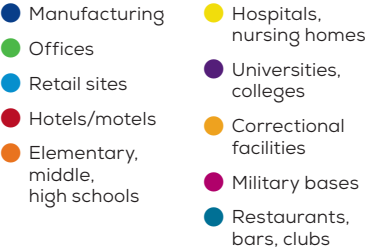


CHART 3B:
Number of locations served

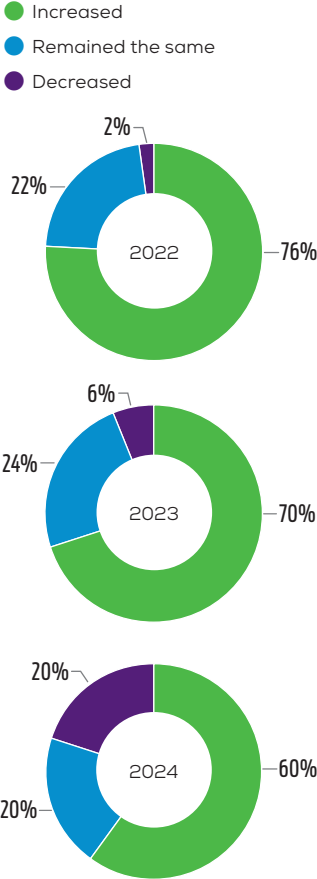


CHART 3D:
Number of micro market locations served

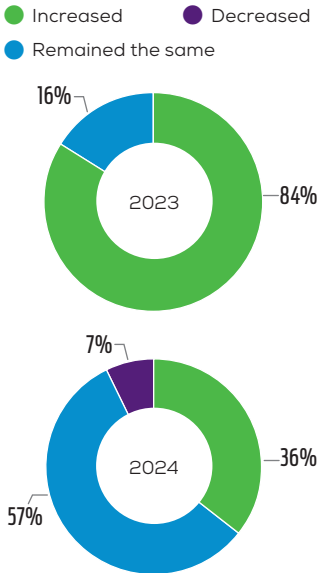


CHART 4A:

Percentage of each type that makes up placed vending machines

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

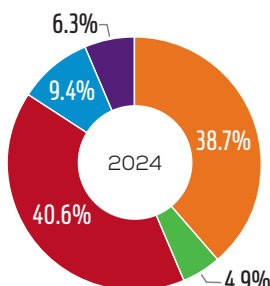
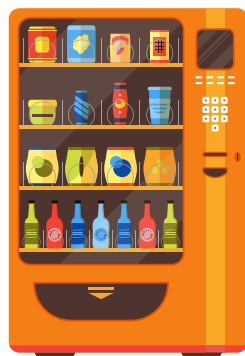


CHART 4B:

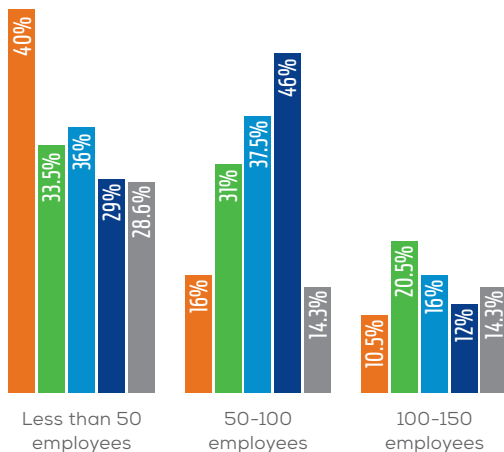
Active micro market locations



CHART 4C:

Smallest location where a micro market is currently placed

- 2020
- 2021
- 2022
- 2023
- 2024



The number of micro markets placed in locations with 50 to 100 or fewer employees had the highest increase in 2024.

CHART 4D:

Average shrinkage rate in micro markets

	2021	2022	2023	2024
0%	0.5%	2%	3%	0%
1%	6.5%	7%	8%	7%
2%	8.5%	8%	9%	10%
3%	15%	22%	23%	18%
4%	31%	30%	28%	32%
5%	15%	13%	14%	15%
6%	15%	11%	10%	6%
>7%	7.5%	6%	5%	7%
I don't know	1%	1%	0%	5%

CHART 4E:

Most common loss prevention techniques

	2022	2023	2024
Regular market inventory	67%	64%	72%
Hired loss prevention employee	16%	28%	12%
Working with a loss-prevention consultant	11%	16%	14%
Screens showing canceled orders	75%	68%	57%
Signage about theft in micro market area	60%	56%	51%
Camera feed displayed above kiosk	55%	60%	60%

Estimated total vending machines

2,175,756
in 2019

2,059,612
in 2022

1,740,604
in 2020

2,203,784
in 2023

1,971,600
in 2021

2,336,011
in 2024

18%

of operators said they acquired business in 2024.

8%

said they divested part of their business.

At the same time, industry consolidation continues, as long-term operators seek to cash out and retire. National and regional operators were often best positioned to acquire these businesses, which is reflected in the fact that extra-large operators — those with revenue exceeding \$10 million per year — represent 10% of the total operators but 65.2% of the 2024 sales.

VENDING MACHINES STILL DOMINATE B&I LOCATIONS

While modern vending solutions such as smart coolers are displacing both vending machines and micro markets in some locations, vending machines still serve numerous unattended business and industry locations. While manufacturing and offices still account for the largest segments of the vending machine location pie, gains in schools and universities, medical and long-term care facilities, and correctional facilities were notable.

Operators had an estimated 2.3 million vending machines in locations, representing a 7% increase from 2023. Cold beverages and glass-front machines continue to dominate.

MICRO MARKET GROWTH CONTINUES

As operators gain penetration in new locations such as large residential complexes and continue to convert vending locations to micro markets, the number of micro market locations increased in 2024 to 55,770, from 42,900 the previous year — a 30% increase. Operators pointed to the addition of

70%

of survey participants said 90%-100% of their machines were equipped to accept cashless payments in 2024.

96%

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

CHART 5A: Technology rankings, averaged

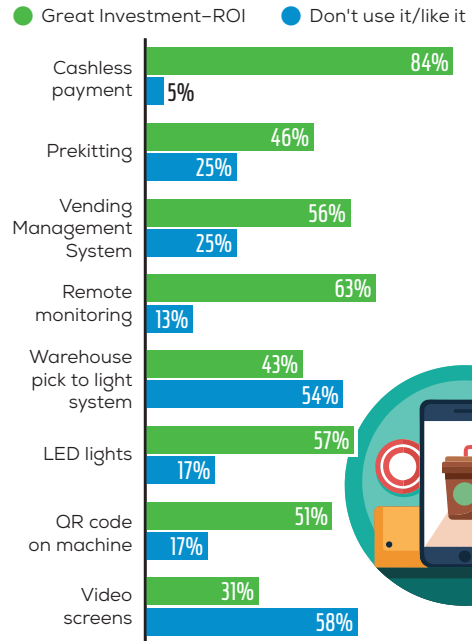


CHART 5B: Vending data collection trends

Vending data collection trends

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

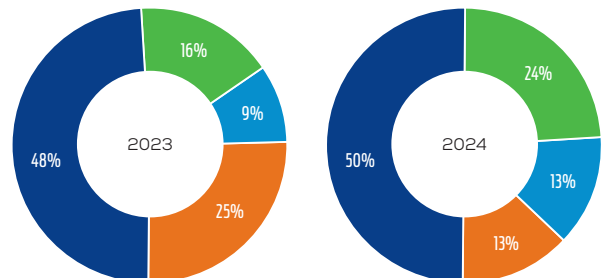


CHART 5C: Vending management systems

Vending management systems

- Use a VMS
- Don't use a VMS

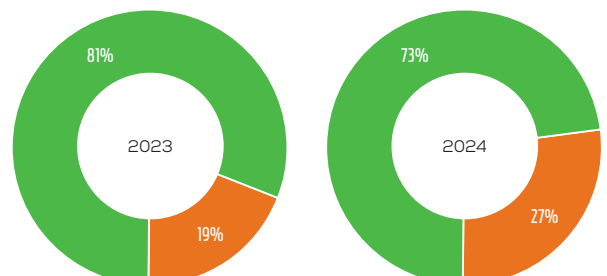
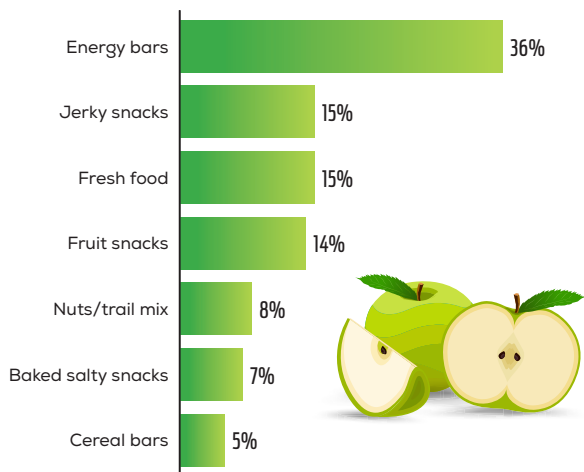


CHART 6:
Best-selling better-for-you products in micro markets



77%
of operators say
they offer healthy
products in their
vending machines.

new business, improved product offerings, and the use of technology as key drivers. At the same time, the introduction of smart coolers, which virtually eliminate the risk of shrinkage, allowed operators to create micro-stores in locations not secure enough for a traditional micro market.

Product introductions that will extend the use of smart markets were a key focus of the 2025 NAMA Show. It will be interesting to see whether smart coolers and micro stores substantially replace vending machines and micro markets in 2025.

Manufacturing locations claimed the largest share of micro market locations in 2024, with 28.6%, followed by office at 12.4%. Micro market locations at hospitality, medical facilities and schools and universities all increased again in 2024. As a result, for the first time, the combined manufacturing and office locations did not represent more than half of the convenience services demographic.

CHART 7A:
Vended share of sales
by product category

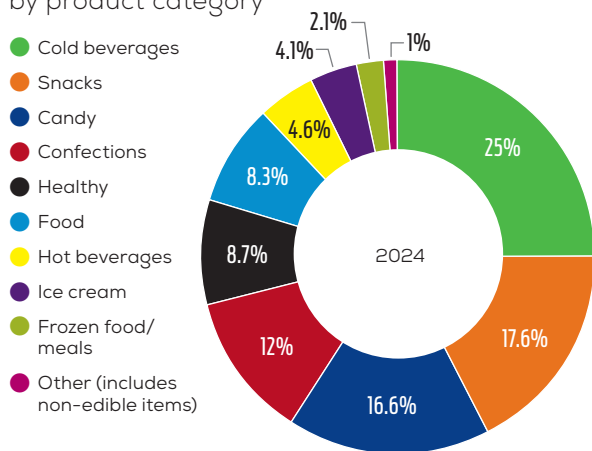


CHART 7B:
Micro market share of sales
by product category

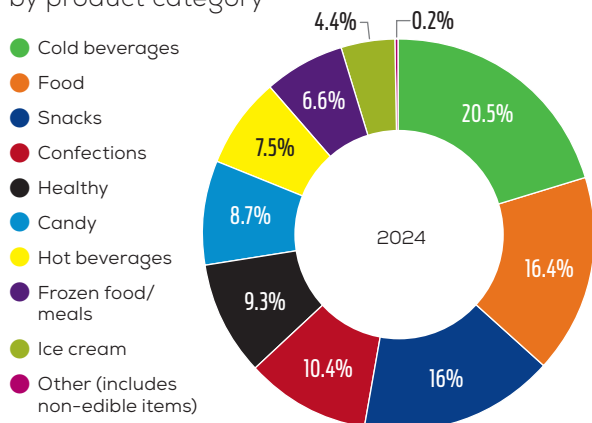


CHART 7C:

Share of sales by service category,
combined services

	2022	2023	2024
Vending	59.0%	56.2%	39.9%
Micro markets	20.0%	22.6%	18.5%
OCS	9.1%	9.1%	8.7%
Water service	2.0%	2.0%	4.8%
Other	1.3%	1.3%	2.3%
Pantry service	2.0%	2.2%	5.2%
Bulk vending	0.4%	0.4%	1.9%
Manual foodservice	3.2%	3.3%	6.3%
Music	1.0%	0.9%	5.2%
Games	1.1%	1.1%	3.8%
Janitorial supplies	0.9%	0.9%	3.4%



63%
of survey respondents
report having more
than one kiosk in each
of their micro.

Overall, 60% of operators reported an increase in locations in 2024, while only 20% reported a decrease.

LOSS PREVENTION SOLUTIONS

Micro market theft remains a concern for operators. Respondents to the State of the Vending and Micro Market Industry survey report 4% shrink on average.

Thin margins and operating cost pressures due to fuel and labor costs demand attention to product theft and losses. Regular market inventory counts remain a key technique for gauging the amount of market theft. Adding cameras to monitor the market and signage about theft in the micro market area serve as key on-site deterrent methods.

TECHNOLOGY INVESTMENTS

The influx of new operators is reflected in the technology trends. Key vending technologies such as prekitting tools and using a vending management system declined vs. 2023. The largest drop was in VMS investment, with only 56% of respondents in 2024 viewing it as a “great investment with good ROI” vs. 81% the previous year. Prekitting dropped from 69% in 2023 to 45% in 2024. Such changes are likely to be cyclical, however, as new operators become better established and seek productivity enhancements to scale their operations.

Consumers’ demand for the convenience of cashless payments continues to be felt, and operators responded. Accordingly, 96% of respondents said cashless payment technology is a great investment, and more than 70% of all machines are currently equipped to accept cashless payments.

DEMAND FOR HEALTHY PRODUCTS

More than 75% of operators offer better-for-you products in their vending machines and micro markets, even as they grapple with consumers who seek better-for-you items but purchase sweet and salty indulgences in larger

quantities. Demand for better-for-you options, particularly in the morning, presents opportunities for operators, said Nicholas Banke, director, marketing and insights, at Vistar, a PFG Co., at the NAMA Show. Operators should lean into daypart product selection to optimize sales in micro markets.

In vending, top-selling better-for-you products include nuts and trail mix, energy bars, jerky snacks and baked salty snacks.

Most operators refresh their product mix at least monthly (42%) or quarterly (28%), likely keeping assortments fresh with limited-time offers and seasonal flavors.

TAKEAWAYS

In conclusion, with the overall industry revenue at \$33.85 billion, it should come as no surprise that less than 5% of all respondents reported sales had decreased year over year. In fact, nearly 10% reported sales had increased by 100% year over year. Primary drivers for such gains included increased locations and marketing, growth with existing clients, eliminating poorly performing locations and their related costs, route consolidation and expansion, and price increases.

For more than 50% of respondents, the number of micro markets they operated remained the same, even as emerging market requests, return-to-work mandates and new clients presented opportunities to shift to more profitable locations. At the same time, more than 42% of operators said their micro market sales increased vs. 2023. ■

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.