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Sensible Snack Selection Gathers Speed As Patrons And Operators Pursue Balance

U.S.A. — With government, media, consumer packaged goods manufacturers and vending operators among the many sectors striving to make wellness-oriented products more readily available, consumers appear to finally be getting the message that since they make dietary choices daily, it might be smart to think before they consume.

Whether they want a treat or a meal replacement, consumers have access to a greater range of products than ever before, and have become more educated about making decisions that best fit their lifestyles and goals. Vending operators are finding that consumers are accepting more responsibility for the choices

they make, and are noticing that the vending industry has stepped up to the plate by expanding the spectrum of options.

By adopting and implementing the stringent snack vending standards of California's school districts before the state legislature passed SB19 to make them mandatory, Mario Simonson of Superior Vending (San Mateo, CA) has secured the business of nine school districts. "When all the board meetings were held to discuss what to do about the new standards, we were already there with the right products, and our districts referred us to others. We're locking in accounts left and right because we were proactive

from the beginning," the operator told VT.

Simonson launched his business 16 years ago with three machines, and today serves the Bay Area from 10 routes and some 3,500 machines. Superior Vending also leverages its strength by running a cash-and-carry business, selling equipment to area operators from its professional showroom and offering equipment moving services to other vendors.

"I took a big hit in the beginning by being the first to pioneer healthy snack vending," Simonson told VT. "Sales in school snack machines dropped 40% to 50% in the first

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SEARCH FOR BALANCE RESHAPES SNACK VENDING MARKET

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year that I switched to healthier products. But as better products rapidly came to market and kids became more aware of wellness initiatives, sales have made their way back to about 80% of what they had been with conventional snacks. If it's packaged right and kids think it's 'cool,' they'll buy it."

Superior Vending's school planogram includes the Frito-Lay baked snack lineup, pretzels, a variety of granola bars and a few chocolate items that are approved under the state's guidelines. The company also stocks machines with cookies that are low in fat or packaged in small enough portions to meet the nutritional criteria.

"It is all about the manufacturers; we can only sell what they make. They're doing an increasingly great job coming out with so many more products that meet the guidelines," said Simonson. "In the beginning, it looked lousy to have two granola bars available, and to fill seven columns with the same flavor. Now there are many choices. We try to use as many name brands as we can, so the advertising is behind it and kids know that it's 'cool' and good for you."

Simonson noted that a critical factor

when offering less-known items with good potential in Superior's machines is the availability of the products – which Simonson has found is often scarce. "If I can get something through my distributors or direct, for a reasonable price, I'll consider it. I just added a very attractive dried fruit product that simply wasn't available until my distributor brought it in," the operator commented. "A lot of good-for-you snacks are expensive, but the schools understand and support that."

GETTING BALANCED FOR LIFE

Simonson takes full advantage of NAMA's Balanced for Life materials and believes strongly in its message. "Vending was around when I was a kid, and I was not obese. What wasn't around were Game Cubes and computers. We rode our bikes; physical education was mandatory. A lot has changed for the worse as far as healthy lifestyles, and it's sad that the blame is put on vending," he said. Simonson feels that the "Balanced for Life" emphasis on combining smart food and beverage choices with increased physical activity is very timely.

"Vending can only grow as a retail chan-

nel as everything in society becomes more automated," Simonson predicted. "Look at the Jetsons! Machines have advanced with sensors to assure you that if you put your money in, you'll get your product. Cashless technology is advancing. We are building a great image, and it's nice to know that my company is at least supported by our school districts and that they value us for the service we bring to their young customers. We use all the literature and signage we can to spread the message that we're doing our part."

Beyond schools, a large number of consumers in Superior's B&I, healthcare and recreational venues are motivated by the well-known partiality shown in California for health-focused foods and beverages that often has made the state a launching pad for products and trends nationwide. "We have had office accounts call school districts to find out who does their vending, because they know their standards for healthy items are high – and the school districts refer them to us," Simonson told VT. "The whole machine does not have to be filled with 'healthy' items, because there are plenty of consumers who fit a chocolate bar into their healthy diet, as well as those who choose not to focus on the calories at all. Our role is to offer choices and point out the items that are universally considered 'good for you.' The rest is up to the consumer."

The operating company has a planogram that it follows for each type of location it serves, merchandised with conventional candy on one shelf and wellness-oriented granola bars and energy bars on another.

Superior Vending's Bay Area patrons set a very high standard for the quality of the products they consume. "If it's a coffee machine, it has to be the best coffee; if it's a snack machine, the products have to convey quality," Simonson explained. "I always focus on putting in the best quality products with the best packaging. If it looks good, they'll try it; if it tastes good, they'll buy it again." Recent favorites include Poore Brothers' Boulder Canyon all-natural, kettle-cooked potato chips, pita chips, and veggie chips. Unique flavor offerings that the major snack manufacturers continually roll out, such as Poore Brothers "Clamato" chips, allow Simonson to rotate a steady stream of non-core items through his machines, to stimulate trial and keep patron interest high.

All Superior Vending machines are stocked with large single-serving (LSS) packages only. "Value-wise, if consumers are going to pay 60¢ for a small bag and 75¢ or 80¢ for twice as much, they'll opt for the larger bag," said Simonson. "It also makes more sense for a vending operator to avoid dealing with several different size bags of the same product. I had the two sizes side by side when we introduced large-sized snacks, and the big packages sold better. It's the same with 20-fl.oz. sodas versus cans; I sell 70% 20-fl.oz. bottles. It's all based on what the consumers want; I don't force anything on them."

A third generation operator, Ben Leonard of Coin-Op Specialist (Adrian, MI) grew up in the vending business and joined his father, Michael Leonard, in the half-century-old company. Leonard's grandfather began the business as a music and games route and later added merchandise vending which grew as the amusement sector waned. Today, the company has seven vending routes, one office coffee service route and one music and games route.

Coin-Op Specialist serves a rural client

tele spanning a 60-mile radius. Manufacturing accounts represent the lion's share of its business, with retail, healthcare, car dealerships and some offices in the mix.

A CUSTOMER-DRIVEN SWITCH

Leonard noted that while his customers' overall snack preferences have changed very little over the decades, one of the most marked trends in the snack category was the rapid, customer-driven switch to LSS packages. "It's 90% of what we have in our machines. It was a learning curve for customers in the beginning, but they adapted quickly to it," Leonard told VT. "And what's supporting the switch even more is that as the manufacturers look to cut costs, package weights of some of the LSS products have gone down from 2 ozs. to as low as 1.25 ozs. Even though customers know that they're paying the same price for a smaller LSS bag than before, they still prefer the value and the portion size of a bag with more chips in it. Many regular size products have shrunk from 1 oz. to 0.75 or even 0.5 oz. – and that's not a lot of chips in a bag!"

While Leonard requires that his drivers stock core favorites in all machines, he does not currently follow a planogram. Leonard determines 50% to 60% of the product that fills his snack machines, and then allows drivers flexibility to use their judgment on machine merchandising from account to account. "Machines tend to be quite consistent, route by route, because it's easier for the drivers. But I am looking to have more consistency from machine to machine, to make sure we're merchandising the right product mix," Leonard told VT.

Frito-Lay and Poore Brothers are the brands of choice for Coin-Op Specialist's customers. Leonard pointed out that though variety is the key to swift turns, between the two snack food leaders there is no shortage of unique flavors to rotate through machines.

Beef jerky is another perennial hit, and Coin-Op Specialist rotates several brands and varieties to support ongoing demand while keeping interest high. Pork rinds are a regional favorite in many locations as well.

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CONSUMERS ASK FOR HEALTHY PRODUCTS BUT STILL CRAVE TREATS

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The bigger-is-better mentality in Coin-Op Specialist's Michigan territory extends to candy, too. "Demand for larger candy is ramping up. For eight years, we offered king-size Snickers in one row of the machine, because that's what was available. But for the past year or more, we've run four or five rows of large-size candy varieties from Hershey," Leonard told VT. "Customers are happy to spend \$1 to \$1.50 because of the perceived value. Hershey's Reese's cups and Payday bars look huge, but they cost less money – almost 30% – for both me and the customer. We do sell some king-size bars, but it's a much steeper jump in price, and is less in demand."

Among Hispanic populations, Leonard has found a warm reception to Snak King's Salsita spicy tortilla chips. The operator also tried Hershey's Elegancita candy bars with the hopes of pleasing the palates of his Hispanic consumers, but demand fell short of his expectations. "Everyone tried them, Hispanic or not, because they were something different, but they died off pretty quickly. The same thing happened with a Hispanic pastry that Mrs. Freshley's offered; it did OK, but it came and went. I think Hispanic consumers prefer authentic products with the brand names they know and trust, like the Jarritos sodas – which do very well – over American-

ized versions developed here."

In contrast to California's Superior Vending, in Coin-Op Specialist's market, Leonard says that healthier options are "always requested, but rarely eaten." He generally stocks machines with such "better for you" items as baked chips and cereal bars. "We rotate those selections a lot. And if a customer does not request healthy options, we don't even mess with it!" he told VT. "There are basic items in the machine, like pretzels and nuts, that are technically healthy and that a lot of people like."

"I think all of the health initiatives are finally helping people figure out what's healthy on their own," he added. "In the past, we had to clutter our machines up with all kinds of stickers and decals to point to the healthy items, and people still were confused. I think that under bombardment by the media, people are becoming more responsible and learning how to 'shop' for what they need, out of the choices available, to suit their own diets."

STRIKING THE BALANCE

Randy Parks of Pro Star Services (Carrollton, TX) runs a multi-million dollar 10-route vending operation that grew out of his OCS business he started in his garage, that has since grown to 24 routes.

Pro Star offers its full line of services in



TRAILBLAZER: Mario Simonson of Superior Vending (San Mateo, CA) was proactive by providing better-for-you products in school vending machines before California's strict nutritional guidelines became mandatory. Exploding demand for availability of such products in vending machines has won the operator contracts from several school districts and referrals to a wide range of other workplace and recreational venues in the Bay Area.

the Dallas market, and extends its OCS to Houston and Austin too.

"We're in the land of Frito-Lay headquarters, so our formula for success with snacks is pretty basic; rotate all the great Frito products and they will fly out of the machines," Parks told VT. He added that Mrs. Baird's pastries are a regional favorite.

Like Coin-Op Specialist and Superior Vending, Pro Star has seen large single-serving snacks catch on strongly since the company introduced the larger format three years ago, Parks said. Today, the bigger bags comprise 90% of the company's snack sales.

"From blue collar to white collar, even though health concerns are certainly increasing, our customers like the larger snack portion," Parks told VT. However, larger candy bars have not found favor with Pro Star's clientele.

Parks reported that he is seeing increased demand for healthier alternatives and accommodating requests by stocking items such as the sizable menu of baked Frito-Lay chips now available, granola bars and trail mixes.

"Low-fat and non-trans fat items are gaining ground all of the time, but it's a slow shift. We have healthier offerings in our regular planogram and we can step them up as much as a customer requests," said Parks.

Parks is an advocate of NAMA's Balanced for Life campaign because of the image boost it is providing for the industry. "I think NAMA's message is very important, that there are no bad foods, just bad diets," Parks emphasized. "Over time, I think people are beginning to realize that we're all responsible for our own behavior. Convenience stores, grocery stores, supermarkets, cafeterias and vending all sell snack cakes and ice cream and candy, and it doesn't mean they're operated by bad people."

"Balance is the answer to a healthy life," Parks remarked. "We get beat up by the press a lot, but just like the c-stores and cafeterias and restaurants, we're not telling people to eat 10 candy bars a day. All we do is make it convenient for people to grab the snacks they want, so they can get on with their busy lives. We want to put a human side to this business and let the public know that we're moms and dads who care about our children's health and our own health, but everyone enjoys a treat every now and then, and it can fit into a healthy diet."

Parks takes full advantage of the Balanced for Life materials available from

NAMA. "They are very powerful tools and the message is right on, to show that we're not trying to encourage overeating in any way and people need to be responsible, whether it's at a restaurant, cafeteria, grocery store or vending machine," he said. "We're in business to make money, but we realize we're just one small part of the big food chain. We understand our role in addressing the health of our consumers."