



EMERGING TRENDS IN VENDING

Micro Markets | Tusco Display

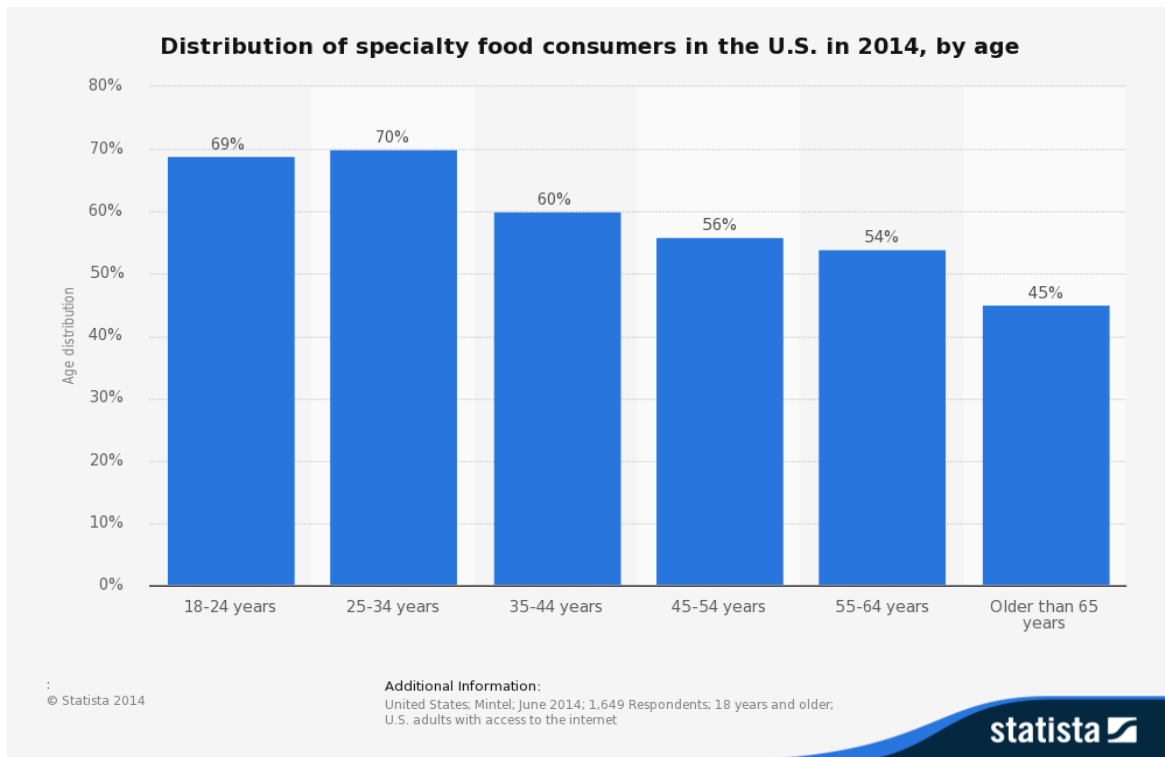
Micro Markets and Vending Machines

Modern vending machines have been around since the 1880's. The first known reference goes back to ancient Greece. Every workplace has had some form of snacks available for workers to buy: everything from a cardboard box honor system to sophisticated machines.

Micro markets have grown up and moved beyond an area with a few vending machines with a table and chairs. They are emerging as the new standard for modern vending and eating spaces.

Attitudes about Foods

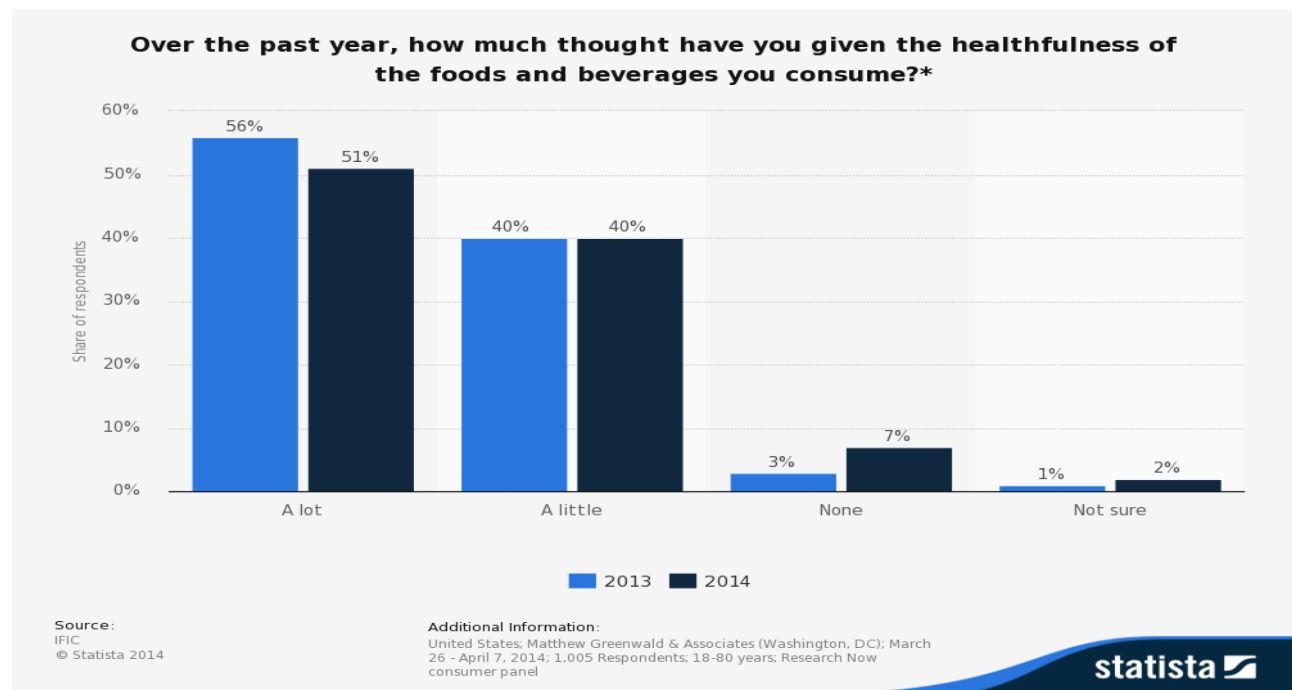
Vending machine companies in the US are facing attitudes about snacking and eating. Many consumers, especially the Gen X crowd, want fresher, more natural alternatives than prepackaged snacks. People want foods that the traditional vending machines don't offer.



In the US, we are becoming more like the Europeans in how we eat these days. Smaller meals more often is an emerging trend. A candy bar or bag of chips accompanied by a soft drink don't cut it.

Nutrition and food sourcing has moved to the top of the list for many. There is a rising awareness of where our food comes from and how it's made. People demand for fresh and wholesome snacks. Coupled with the rising concern about obesity, people seek healthier alternatives.

More than 50% Americans surveyed indicated they think a lot about their nutrition. Fruits and vegetables rank among the foods that may have health benefits beyond basic nutrition.



When U.S. consumers look to buy or eat, they look at the following as most important:

1. Expiration date
2. Nutritional facts panel
3. Serving size
4. Amount per container

Advantages of Micro Markets

Micro markets are small convenience store or scaled down versions of full service cafeterias. Well-lit, compact and easy-to-stock fixtures play a key role in these niche markets. Customers want fast and simple ways to "grab and go."

There are several tangible advantages to micro market formats:

1. Less down time due to equipment malfunctions.
2. No loss of money or need to give refunds.
3. A larger selection of food items that would not be present or even fit in a vending machine.
4. The consumer can actually see the product and access nutritional information.
5. Payment can be in many forms other than cash such as employee ID or key tag.

Considerations in Making the Transition

Before making the transition from traditional vending to a micro market, consider the following:

1. Traffic flow and physical space.
2. Is there access to proper water, drains, electricity, and data lines?
3. Do proper ventilation, heating, cooling and adequate lighting exist?
4. How much product and how many kinds will you sell?
5. Will the client who owns or manages the space allow for conversion?

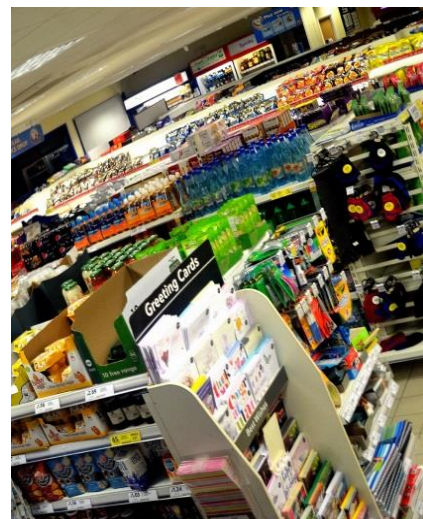


Micro markets are akin to a scaled down convenience store operation. Licensing requirements differ state to state. Some states need a plan submitted for approval before a micro market can be installed. Plans and permits to build or change a space may not be enough. A food service or vending license may be required as well.

Getting the Right Look and Feel

Retailers use product “facing” to present the product to the buyer. The top 3 to 4 shelves in a micro market should be set at an angle. Shelves with a smooth finish and side guards with a lip on the front edge will allow a natural gravity feed. Micro market shelving should be made from steel for long-lasting service, similar grade to what is found in retail operations.

Ideally the depth of a shelf should be at least 14 inches. The deeper the shelf, the more products you can offered. Product availability, providing easy stocking and a rotation system will impact the number of times the route driver will need to visit a location.



Freestanding Shelving the Most Flexible Option

When planning your micro market environment, how much space you have to work with may dictate the fixturing. Freestanding shelving could prove more expensive but can offer greater flexibility and a more mobile asset. Installation and assembly uses simple hand tools and can be achieved quicker with no construction required to the existing space. If at any time an operator wanted to move shelving, it is easy to do. Signage and the overall look can quickly be changed on the fly.

There is a downside to this solution. Freestanding displays or fixtures need to have greater stability for safety sake. For safety, secure fixtures to a wall when possible.

Do your homework when making fixture purchases:

1. Look for shelving that can allow many positions, i.e. slanted or horizontal.
2. Shelving should allow for quick stocking and a full appearance when stock is low.
3. Seek out durable finishes and retail grade fixtures.
4. Fixed vs. Freestanding. Balance safety, appearance and practicality.

Focus first on creating the right look and feel – like you’d expect in a store. Then make sure that you earn the best return on your investment.

Freezers and Coolers

Carefully consider freezers and coolers. Use of display trays and tiered inserts can help when displaying food products. Products that appear too piled in a heap or scattered on the shelf will be less appealing. Unkempt appearance discourages sales. Refrigerated and frozen foods need to be “faced” just like items on a shelf. Well-lit units with products displayed right will promote more sales.



Not all states currently demand automatic locking coolers but they are an excellent investment. These units lock when the temperature drops below safe levels. Consider them standard for fresh food units to protect both you and the customer. It is a small cost over a non-locking unit and will add a margin of safety. In most cases existing units that don’t currently have this ability could be retrofitted.



Beverage Service

Coffee, soda and even water dispensing will need plumbing and electrical service. Your plan should include a beverage kiosk. Remember to include cups, lids, creamers, sugar and other sweeteners. Depending on your environment, ice dispensing equipment may also be desirable. This station will require power, water and proper plumbing.

Microwaves and Condiments

Condiment counters are important in micro markets. The need for microwaves will still exist in some cases. Many locations pair a micro market with the employee break room or café. This strategy may encourage purchases for employees that bring their own meals to work.



Point of Sale

How will you get paid? Simple systems that allow scan and buy with cash or credit cards? Perhaps a system with smart cards tied to an employee's account for payroll deductions?

There are as many solutions to getting paid as there are products you can offer. Most point of sale systems will have to have electricity and internet connectivity.

Sanitation

Spills, wrappers, and containers can get left at tables. Trash will need emptied. Floors and surfaces will need cleaned. Who will also be in charge of the sanitation in your micro market? This goes hand in hand with deciding if the micro market will be attended or not.

In either case, a state health department may regulate the operation of your micro market. A certain level of sanitation must be met. A dirty environment will not promote sales and may lead to other legal issues as well.



Measuring and Marketing

“What gets measured gets managed.” Collecting facts and statistics is an everyday part of business. Your POS kiosk reports will help you merchandise by day-part and segment as well. It is important to know when people are hungry and buying. It is also valuable to gauge flow of business by hour. This intelligence is not available from traditional vending machines.



- Think like a retailer. “Facing” or presentation of foods matters.
- Bold and colorful graphics and signage to promote products and offers. Use those from the product manufacturer.
- Rotate and move inventory to sell it. This will reduce returns of stale or outdated products.
- Measure what sells and what doesn't. Get the best product mix to maximize sales and move products.
- Get advice from product manufacturers for plan-o-grams for selling their products. Ask about coupons, special offers, and point of sale materials as well as plan-o-grams.
- Keep the shelves and coolers full. Nobody wants to buy the last one of anything.
- Train those who service the micro market how to retail product, not just stock.

Analyzing data you collect can in turn help you identify the best products to sell and when. You can also gear your marketing plan to those best sellers.

Because One Size Doesn't Fit All

There is nothing “stock” about a stock car. Every workplace has a unique niche for employees to eat or take breaks. Modular micro market fixtures provide the vendor with a great deal of flexibility. They can fill the spaces that are generally small as well as fully scale micro markets in a larger area. Both scenarios create a more market-like atmosphere and can be of benefit to both the vendor and consumer.



Micro markets can provide a well-merchandised and attractive alternative to leftover restaurant furniture and a microwave cart. This will help food service vendors own the space with an attractive and well-marketed shopper experience.



Make Your Move Into MICRO MARKETS

No matter your strategy, micro markets combine the best of both convenience store and vending machines with an array product selection and direct browsing for the customer close at hand.

Most micro markets operate as unstaffed retail food and beverage stores. They feature a variety of products not available in traditional vending. They provide self-shopping and unattended self-checkout through use of a payment kiosk. Operators enjoy the versatile nature of Micro Markets.

- Full access to products before a sale.
- Multiple items in a single transaction.
- Increased sales volume over traditional vending.
- More promotional opportunity from suppliers.
- Wider product line.
- Flexible product pricing.
- Access to extensive consumer data.
- Sales information makes it easy to customize the product mix, leading to increased sales and happier customers.

Tusco Display is a one-stop shop for all your Micro Market fixture needs. We can provide as much or as little support as you need. We can create the perfect, unique market for your location(s). Let us help with equipment and retail kiosks, fixture design, installation and technical support.

Tusco customizes a Micro Market to fit your budget.

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