

The Vending Sector

An overview of the vending sector

Vending is the sale of goods and services through automated “vending” machines. Vending machines are set up and operated by “operators”. These operators manage vending machines as their core business and are responsible for cleaning and restocking their machines.

In Germany, vending machines, which deliver consumable foods and other daily necessities at the touch of a button, have played a key role in meeting the needs of company employees for decades. Consumption habits are changing — due to increased mobility, for example. As a result of such changes, beverage and snack vending machines are also now found in many other areas of life. Today the vending sector has become a sizeable sector of the economy with good prospects for the future.

According to internal sector estimates, there are around **520,000 vending machines** for food and beverages in Germany. They belong to different categories:

- 321,000 hot beverage machines
- 88,200 snack and food vending machines
- 109,000 cold beverage machines

Total turnover from vending machine sales of beverages and snacks in Germany amounts to around €2.5 billion. This is divided up as follows:

- 45 percent from hot beverages
- 35 percent from cold beverages
- 20 percent from snacks.

More than 80 percent of the food and beverage vending machines are located at business facilities where they provide snacks and drinks to employees. Particularly at businesses that have shift operations, small meals are also provided by vending machines — often in combination with microwave ovens. At smaller businesses, vending machines are usually the only internal catering option — especially at companies where it is no longer cost-effective to have a canteen due to high operating costs.

“Office coffee services” (OCS) provide office employees with all sorts of hot beverages. OCS machines are characterized by their convenience and low service costs. OCS coffee machines often look like large household appliances. However, in terms of their construction and robustness they are more like the coffee machines used by professional caterers. Depending on the supplier, a variety of office coffee service packages are available. The services offered include setting up the machine, delivering the coffee, cleaning, providing technical service, etc.

Around 20 percent of all vending machines are found in “public vending areas,” for example in schools, vocational schools, universities, colleges, other educational facilities, museums, government offices, courts of law, hospitals, retirement and nursing homes, professional practices, banks, department stores, home improvement/DIY centers, garden centers, furniture stores, automobile dealerships, warehouses, filling stations, highway service stations, multi-story parking garages, hotels, leisure facilities, sport facilities, zoos, cinemas, train stations, bus/streetcar stops, subway stations, airports, public squares and streets. In other words, vending machines can be found in places where there are people but no snack or beverage facilities of other kinds — or at least where such facilities are not available around the clock.

With around **15,000 employees**, the vending sector is an important part of the German economy. Strong competition and a low start-up threshold encourage entrepreneurship and the development of individually tailored service solutions.

The German vending sector comprises:

- More than 1,000 — mostly mid-sized — vending machine operators that operate their own food and beverage vending machines
- Manufacturers of vending machines
- Companies in the food industry that produce products appropriate for vending machines
- Manufacturers of mains-linked water dispensers (POU water coolers)
- Manufacturers of vending machine cups
- Manufacturers of payment systems for vending machines (coin-operated devices, banknote readers, cashless payment systems)
- Manufacturers of water filters, vending machine accessories, and peripheral equipment.
- Companies that provide technical services for vending machines and payment systems
- Specialized publishers and consulting firms

There are five large vending machine operators in Germany. They account for 20 percent of total sales in the sector. The companies operating vending machines throughout Germany include:

- Alois Dallmayr Automaten-Service, Munich
- Coca-Cola-Erfrischungsgetränke AG, Berlin
- ARAMARK, Neu-Isenburg
- Selecta Deutschland, Bad Soden
- Maas International, Bruchsal

In contrast to other European countries, groups of independent vending machine operators have been slow to develop in Germany. These groups cooperate in the areas of purchasing and marketing as well as the provision of service to interregional customers. The following groups exist today:

- AP Automaten-Partner, Eichenzell
- CA-Vending, Hamburg

The vending sector has experienced growth for a number of years, and the BDV expects this trend to continue in the future. A great variety of beverage and catering vending machines are in operation. This indicates that customers' desires are becoming increasingly diverse. Modern vending machines have a high degree of reliability, and by selling products around the clock they satisfy the food and beverage consumption needs of today's consumers.

At companies (production operations, administrative offices, etc.), it would simply not be possible to meet the needs of employees without beverage and catering vending machines. Because vending machines are **in operation 24 hours a day and seven days a week**, they are essential especially in places where people work in shifts or on weekends.

New technologies are starting to be used in vending machines. More and more vending machines are equipped with touchscreens that display product information and serve as operating interfaces. An increasing number of vending machines are already equipped to send and receive data (telemetry). This makes them more customer-friendly and reduces servicing costs. More and more types of vending-machine payment systems are also appearing.

We live in a society that has become mobile. People eat and drink at any time and in any place. "Coffee to go" has become a global phenomenon. Vending machines, with their 24/7 service and modest space requirements, can fulfill the wishes of the modern consumer. The proliferation and acceptance of vending machines is leading to more and more new ideas in the vending sector. Today, besides traditional food and beverage products, vending machines sell shoes, tools, lingerie, swimwear, jeans, electronics, souvenirs, umbrellas, votive candles, fish bait, and even gold ingots.

The vending sector focuses on satisfying the desires of its customers. In addition to snacks and food of all kinds, each year over 3.8 billion hot beverages are purchased from vending machines in Germany. In order to respond to the various trends in consumption, the vending sector is continually developing and offering new solutions.

Over 50 percent of the vending machines in Germany dispense hot beverages (in particular coffee, coffee specialty drinks, and cocoa). The remaining food and beverage vending machines sell a variety of items. These include cold drinks, snacks, sandwiches, and hot food products.

An overview of the diversity of the product portfolio:

- Freshly brewed coffee and coffee specialty drinks such as cappuccino, espresso, latte macchiato
- Cocoa, tea, soups
- Organic and fair trade products
- Confectionery of all kinds
- Savory snacks (sandwiches, rolls, and baguettes)
- Ice cream
- Gourmet salads, fresh salads, fruit, vegetables
- Cakes and other baked goods
- Soft drinks in bottles and other forms of packaging, including soft drinks dispensed directly into cups
- "Farm-fresh" regional foods
- Complete meals and fast foods such as freshly made sausage snacks, pasta, pizza, French fries, etc.
- Dairy products (milk, yogurt, curd cheese, milk-based drinks, whey drinks, yoghurt drinks, etc.)
- Electronic items (mp3 players, memory cards, cameras, etc.)
- Items for personal hygiene and toiletries
- Clothing (jeans, shirts, ballerina slippers, etc.)
- Newspapers, magazines, books
- Batteries, printer cartridges, toys
- Stamps
- Flowers

Another sector activity includes the manufacture and operation of automated machines that take back plastic cups, bottles, and beverage cans and then refund the user's deposit (return vending machines). Automated entertainment machines are not part of the vending sector. The same applies to automated ticket and cigarette machines.

The reasons for vending machines' success

Vending machines are backed up by professionals. The operators are coffee specialists with a wealth of experience and expertise concerning product information, electronics, payment systems, and on-site marketing, as well as the safety factors related to food and machinery.

The products prepared inside vending machines are of **high quality** and very diverse. Thanks to enhanced brewing technologies and the products that are used, the quality of the coffee has long been considered to be on a par with the coffee served in upscale catering settings. Vending machines are therefore now an important sales channel for coffee, the most widely consumed beverage in Germany. With a per capita consumption of 149 liters per year, this hot beverage is the undisputed leader in Germany, even ahead of beer and water.

Vending machines are in tune with the times. The proliferation and acceptance of vending machines is leading to a steady stream of new ideas. **New coffee concepts** related to well-known coffee shop chains such as Costa and Starbucks are bringing comfort zones into offices and businesses. Vending machines that create a coffee shop feeling will ensure higher turnover in the future. These future-oriented solutions are rounded out by new **vending machine concepts** such as "Coffee & Cash to Go" (a combination of a savings bank ATM and a vending machine for public spaces) and machine cafés that offer sustainably produced premium coffee, fresh snacks, and small hot meals. In addition, the machines are directly connected to charging stations for electric automobiles.

New types of machines are making vending even more appealing. Beverage machines with glass doors increase the probability of impulse buying, and machines with robot technology are eye-catching and have a customer-friendly dispensing system within easy reach. There are now coffee vending machines that also dispense lids with their coffee-to-go cups, making the machines the world's smallest "coffee shops."

New technologies are being used in vending machines. More and more vending machines now feature touchscreens that display information about the products and are used as operating interfaces. An increasing number of vending machines are already equipped to **send and receive data**. This makes them more customer-friendly and reduces servicing costs. A greater **variety of payment systems** can now be used for vending machines. Although coin systems are still the most common, around 25 percent of all vending machines now feature cashless payment systems. Non-contact chip cards, non-contact credit cards, and cell phone payment systems all run flawlessly at vending machines.

The advantages of vending machines at a glance:

- Convenience
- Fast service
- Constant availability (24/7)
- Variety: Vending machines can sell just about any product
- A wide range of payment possibilities
- Clean, hygienic, safe, always at the right temperature
- Consistent quality of food and beverages
- Personalized vending machines/vending machine branding according to the wishes and needs of the customers (schools, banks, etc.)
- Pleasure and energy for a motivated workforce
- Flexible placement possibilities (sale, leasing or rental)

Current issues affecting the vending sector

When it comes to issues affecting the vending sector, the BDV is the recognized contact organization for its members, policy-makers, administrative bodies, and the media. Current topics of interest are:

- The energy efficiency of hot and cold beverage machines (2009/125/EC, DIN 18873-2/A1 / EVA EMP 3.0 A/B)
- Permissible limits for the amount of lead released by hot beverage machines (DIN 10531)
- Food labeling that is appropriate for vending machines (EU) No. 1169/2011
- Container deposits: regulations regarding the trade's notification obligations when selling beverage packaging that requires a deposit
- Service packaging (e.g. serving cups) that complies with the new recycling law (the regulation succeeding the packaging ordinance)
- Cooperation with FAIRTRADE Germany in order to promote sustainability in relation to vending machines
- Nutritional issues and school catering
- Instructions for member businesses regarding certification according to ISO 9001/2008
- Guidelines for good hygiene practices at point-of-use water coolers
- Introduction of new non-contact payment systems (Giro go, mobile payment)
- Introduction of redesigned euro bills
- Data transmission from and to vending machines
- Coin disposal (Deutsche Bundesbank)
- Training for a career in the vending machine sector (vending machine specialist)

Further information:

German Vending Association (BDV)...