

Spotlight: 21st Century Store Wars, Part 3 of 4

September 2018

☀ Vending machines

The adjective “vending” derives from the French verb “vendre”, which means “to sell”. The first vending machine on record is attributed to [Hero of Alexandria, Egypt](#) during 1 AD, in which dispensed water – holy water specifically – was standardized to a portion that matched the value of the deposited coin. The gravity of the coin acted as a counterweight on the inner (machine) side of a levered scoop.

☀ Food and beverage dominate

Japan is the market leader [in quantity of units and variety](#) with more vending machines than sushi restaurants. Global vending machine sales are estimated at US\$60B, with \$7B of that amount generated in the USA. Prior to 2010, cigarettes were the main product dispensed by vending machines in the USA. In June 2010, FDA laws restricted cigarette vending machines to only locations where citizens aged 18+ were allowed (liquor bars were and are restricted, as children under the age of 18 could/can enter a bar with an adult chaperone). Since that time, [food and beverage dominates the sector](#)....

☀ Branding and channel dominance

...a fact not lost on the beverage sector. During the 1950's, as soda beverages were first mass-marketed, electrically-operated, refrigerated vending machines were launched. Soft-drink manufacturers were quick to acquire brightly branded, custom-designed vending machines, today valued as a [vintage collector's item](#). Then, as now, the beverage manufacturer would secure location contracts with facility operators, and, own, stock and maintain the vending machines. The result: low-cost, automated beverage service while limiting selection and achieving channel dominance.

☀ Technology-driven expansion

Easy-to-use microwave ovens facilitated the supply of vending machines with selections which could be heated and consumed hot, such as chuck-wagon sandwiches, hot dogs and hamburgers. The success of these options signaled a demand for expansion into high-technology dispensers, vending [French fries](#), a [fresh \(not frozen\) customized, ready-in-three-minutes pizza](#) (from Italy) and Quaker's® must-see [robotic, as-you-like-it, hot oatmeal](#) vending wonder in Belgium.

☀ Enter the FDA

In December 2014, the FDA published a final rule regarding menu and [vending machine nutrition labelling](#), with a compliance date of December 2016. The rule applies to glass-fronted machines and specifies that calorie count be clearly shown on the displayed food label in a type size at least 50% that of the largest font on the PDP, or, on a sign adjacent to the food article or selection button.

☀ Revision proposed in July 2018

Industry consultation with the FDA has resulted in [two amendments](#). First, a compliance extension to January 1, 2020, which aligns with the modernized Nutrition Facts. Secondly, a proposed amendment to the front-of-pack calorie declaration in which it is “anchored to the net quantity of contents statement, such that the minimum type size is 150% the size of the net quantity of contents, instead of being based on the largest printed matter on the label.” The rationale is reduction in the regulatory burden which the vending and packaged foods industries shared with the FDA after the 2014 publication of the rule.

☀ FDA call for cost-benefit data

While the FDA claims that this amendment reflects cost savings to industry, they also “welcome data that would help [the FDA] better estimate these impacts”. Most would agree that the buyer deserves to know the caloric value of the vended food prior to selection. Yet, the proposed approach is still costly. A channel-specific label negates the economies of scale of label printing, it entails dedicated production runs separated by down-time, and requires separate sku's and distinct UPC's, to name a few.

☀ Step up to the plate and a re-think

The food industry at large needs to step up to the plate. Either all labels of a food which could be so vended need meet the vending nutrition labelling rule, or, if segregated vending labels are preferred, a more efficient, cost-effective, provision of caloric value on a vended food label is required. **FF**

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