

AGF Promotie Nederland



Results of research & follow-up Fruit & Vegetable Vending Machine 'Fresh Day Vending'



Point of departure

Motivation

Gaps in the food service market, lagging purchasing behaviour (20% 2+2 norm) and new techniques and products provide an opportunity for a new sales channel for fruit & vegetables: direct sales to consumers via a vending machine

Principles

- AGFPN wants to promote fruit and vegetables
- Politicians and the business community want to ensure greater availability/accessibility of tasty and healthy food
- Little is known about the commercial potential of fresh vending

Approach

1. Research the feasibility of selling fruit & vegetables from vending machines
2. Establish the sales potential, the critical success factors (concept, technology) and preconditions
3. Make recommendations on the basis of the findings



Approach

Method: Development and testing of vending machine and marketing concept

Phase 1:

- Establishing concept, requirements and filling aspects
- Obtaining social support and additional financing from government, knowledge institutes, umbrella organisations and/or the business community
- Finding suppliers of products and vending machines
- Organising logistics
- Finding test locations
- Zero measurement (concept and vending machine) on location

Phase 2:

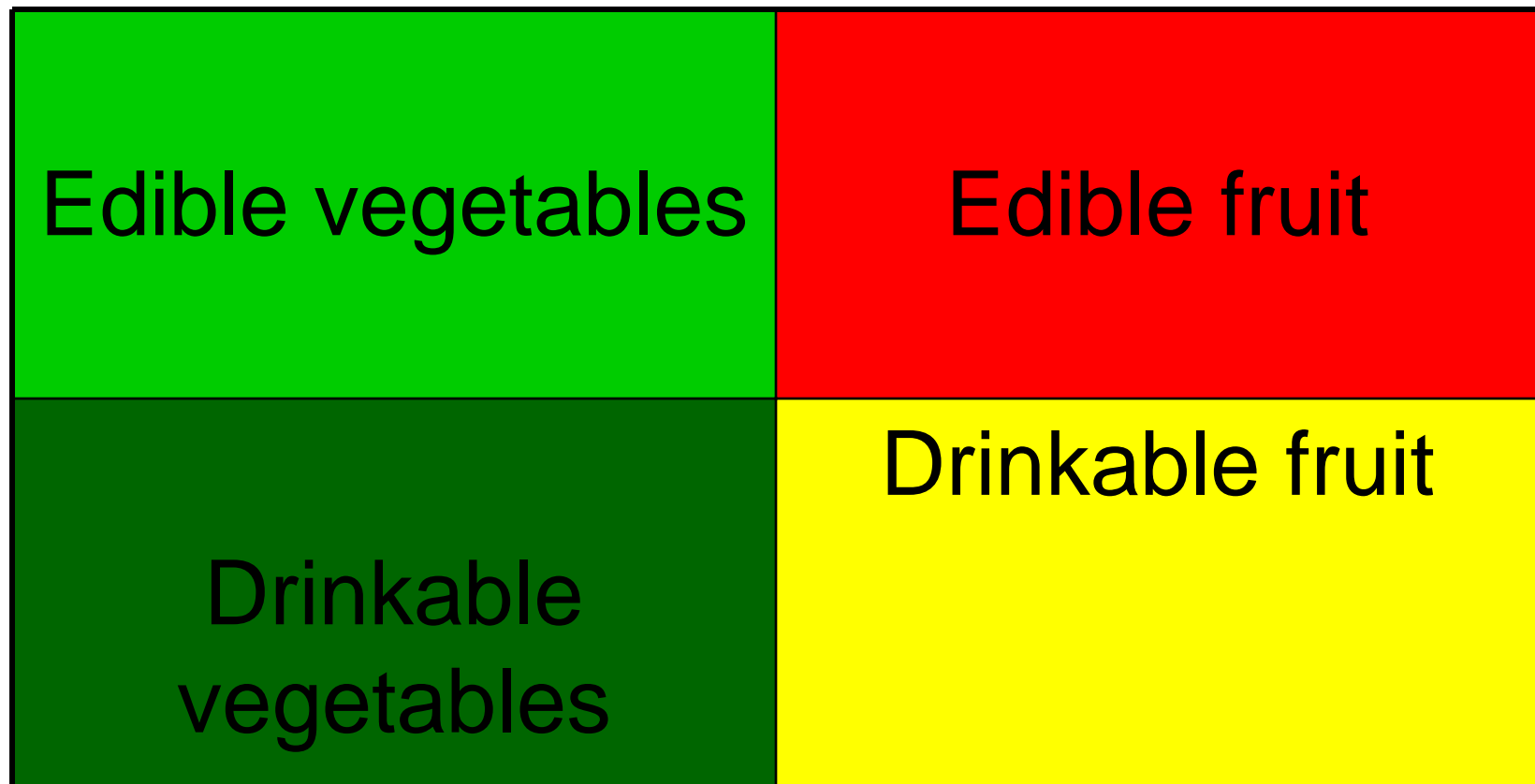
- Testing vending machines on location: secondary schools, colleges of higher education, businesses (offices), factories
- Evaluating results:
 1. General feasibility (development and production, delivery, distribution, operator, consumer purchasing (= potential proceeds))
 2. Appreciation and interest for concept and product range
- Adjustments and subsequent measurements

Phase 3:

- Determining enthusiasm based on experiences and enthusiasm of participants
- Determining conditions under which Fresh Day can be made available to



Concept with both edible and drinkable products



Combination of fresh and processed, branded and unbranded

Distinctive

Edible vegetables

Edible fruit



Drinkable
vegetables

Drinkable fruit

"Tasty, refrigerated, ready-to-eat, healthy"

Product requirements and recommendations

Products

Requirements:

- Top-quality convenience products, presented (preferably) refrigerated
- 100% fruit and/or vegetables, or processed products consisting of at least 50% fruit and/or vegetables, solid (edible) or liquid (drinkable).
- Ready to eat

Recommendations:

- Storage life of at least 5 days (min. 1 working week)
- Products that can be presented in vending machines
- Minimum order quantity geared to low volumes: minimum order of max. 6 items per pack or available per item on location from bulk pack

Vending machine requirements and recommendations

Vending machine

Requirements:

- Possibility to present a broad range, choice of both edible and drinkable products
- Products must be fully visible to consumers and operators
- Refrigeration
- Products must not be damaged upon extraction
- Several temperature zones (in keeping with optimum presentation standards of ready-to-eat fruit & vegetable products)
- Possibility for consumer communication (communication of 2+2 message)

Recommendations:

- FiFo filling possibility
- Choice of various payment and settlement systems
- Remote provision of sales data (at least as an optional extra)
- Flexible programming
- Consumer price programmable according to time and at product level
- Customisation possibility: flexible operation and promotion on location

Success factors & preconditions



Consumer

- Fresh and tasty
- Fully visible products
- Seasonal variation
- Ready-to-eat
- Affordable

Buyers of vending machines (employers/location owners)

- Willingness to invest in and actively promote a healthy diet
- Potential source of income (sufficient customers)
- Image building (setting an example / SRE / positive PR)
- Local management with regard to business economics, i.e. choosing between:
 1. Availability of professional operating staff and local product and margin management
 2. Contracting out to avoid fuss and bother

Operators / caterers

- Willingness to invest in and actively promote a healthy diet
- Generate awareness of/provide insight into product suitability and potential
- Solve issue of unfamiliarity with fresh products/short BBEs
- Potential source of income
- Image building (setting an example / SRE / positive PR)

Suppliers (fruit & vegetables/vending machines/packaging/distributors - wholesalers)

- Cooperation
- Regular introduction of new and distinctive products

Stakeholders Branch organisations (employers-employees-Vida-Veneca) / politicians / b

- SRE
- Positive publicity



General findings (1)

A fruit and vegetable vending machine is feasible!

- Commercially: there is a consumer demand and it offers a potential source of income to operators
- Technically: the vending machine works
- Practically: fruit and vegetables can be offered fresh. Delivery, distribution, exploitation and supply via 24/7 vending machine has been proven!

Market

- Estimated potential of at least 3000 locations
- Scenarios for targets aspired to and sales possibilities within the sector:

5% market share	150 vending machines	min. 1 million items*
10% market share	300 vending machines	min. 2 million items*
25% market share	750 vending machines	min. 5.1 million items*

*NB: Minimum based on an average of 30 facings and sales of 175 items per week per vending machine over 40 weeks

General findings (2)

- There is a consumer demand for fruit and vegetables offered via vending machines
- There is a market interest in the provision of a fruit and vegetable vending machine
- The concept has received high ratings
- The vending machine can be cost-effective if there are sufficient customers, suitable products and good management
- The introduction of the vending machine will generate considerable positive publicity for fruit and vegetables
- The development process has resulted in a good network with the food service chain, considerable knowledge (regarding the market, consumers, dos & don'ts, logistics requirements, price-margin possibilities, criteria) and concrete implementation aids
- The out-of-home market chain has been mapped out
- Experience has been acquired in the promotion and commercial potential of fresh vending