



10 Vending Terms
Every Operator
Should Know

The definitions for key business terms in the **vending industry** tend to be subjective. The terms are often aligned with the product features and business scenarios that a specific technology provider defines. As industry veterans, we've put together this **glossary of terms** for your reference with tips on how you can utilize them to make your **vending operations more efficient**. The next time a technology provider approaches you to woo you with their product features, you'll know exactly what those features are supposed to mean and what they are meant to do for your business.



1. Merchandising



What

The act of **arranging** or **displaying** products in your vending machine or micro market that is based on **past sales patterns** and **current demand preferences**. Merchandising typically involves presenting products in a visually appealing way, to try and encourage purchases.



How

Merchandising can be much more than just stocking your machines with products found in your warehouse. Study **geographic** and **seasonal demand trends** to project estimated sales, and stock only products that **fit demand**. **Leverage technology** to evaluate current product performance in the machine and adjust **merchandising plans** accordingly.



- 1 Pay attention to space-to-sales allocation and how many rows you are dedicating to a given product, for example, Doritos Cool Ranch versus Doritos Original.



- 2 Monitor sales trends and the quantity of rows that product may consume.



Pro Tip

The Merchandising Wizard in **Seed Pro** identifies fast moving products and makes recommendations to increase inventory of those items. This tool can also identify slow moving items and recommend an item that is selling well in the other machines within your operation. The tool can **evaluate current sales trends** not only in that machine, but other machines within your catalog and **provide recommendations of coil changes** or **quantity changes** to ensure that you reduce sold outs and maximize sales opportunities. By stocking your machines with these products, you can **significantly increase revenue** and extend the time between services on the machine.



2. Route Planning



What

A route plan is the most efficient way to serve a number of orders. It is generated by computing the most **cost-effective route** involving several nodes or stopovers by **minimizing the distance traveled** and/or **time taken**.



How

Take into consideration the number of machines that need to be serviced for a particular day, add to it **driver availability**, **geographic location**, and **required delivery windows**. These inputs create the map of the routes that your drivers will be visiting to service. Also, it might be a good idea to identify densely crowded locations and service them independently as **sub-routes**.



Pro Tip

The **Seed Pro** route mapping feature allows you to **dynamically** add **new locations** and adjust **sub-routes** as soon as they are added into the system. It provides you with **recommended route plans** each day based on the **machines' individual performances** and when their **estimated stock outs** will occur. You can easily go into the system from wherever you are and approve the route schedule for that given day. The system does the computing for you and provides the best route plans according to your **machine locations**, **performance**, and **expected sales opportunities**.



With USAT's software, you can easily go into the system from wherever you are and approve the route schedule for that given day.



3. Real-time Pre-kitting







What

The act of organizing **product inventory** by machine into **individual totes**, creating “**pre-kit**” or pre-packs of exactly what the machine needs. Pre-kitting **reduces the number of trips** that the driver makes between the machine and the truck during replenishment.



How

Pre-kitting or pre-packing totes/tubs in order to make one trip into a location has some great advantages. These advantages include:

-  Time saved in the warehouse packing only what products need to be taken to the given locations;
-  Money saved on fuel costs with trucks carrying lighter loads allowing you to reduce your carbon footprint;
-  Money saved on the cost of labor for your drivers having to unload product from their trucks when they get back to the warehouse;
-  Overall efficiency gains – you can service more machine/markets per driver per day. Invest in the right software package that can forecast what products will be needed for a pre-kit that’s based on real-time and/or regular DEX data coming into your system.



Pro Tip

Seed Pro’s pre-kitting feature is not only **97% accurate** but it also is real-time, which means it can take into consideration current transactions and sudden spikes to compute pre-kit quantities. The goal is to **eliminate rolling warehouses** and to **eliminate any bring-backs** from your drivers at the end of the day with the use of **real-time pre-kitting**.



97% pre-kit
accuracy



4. Planogram



What

A **planogram** is a visual plan that designates the **placement, pricing, pars, and capacity** of products on specific coils of a vending machine. The planogram provides the number of SKUs, the quantity per SKU and the exact location that the SKU must be placed. Think of it as an **inventory-placement** manual for your vending machine.



How

The number of coils you allot for a SKU will depend on the **average weekly sales** that it has. **Allocating slots** adjacent to one another for products belonging to one category will ensure your **assortment plan** is well displayed, and doing so for top selling SKUs will ensure increased sales. Print the machine plan page and develop a customized planogram based on **sales projections**.



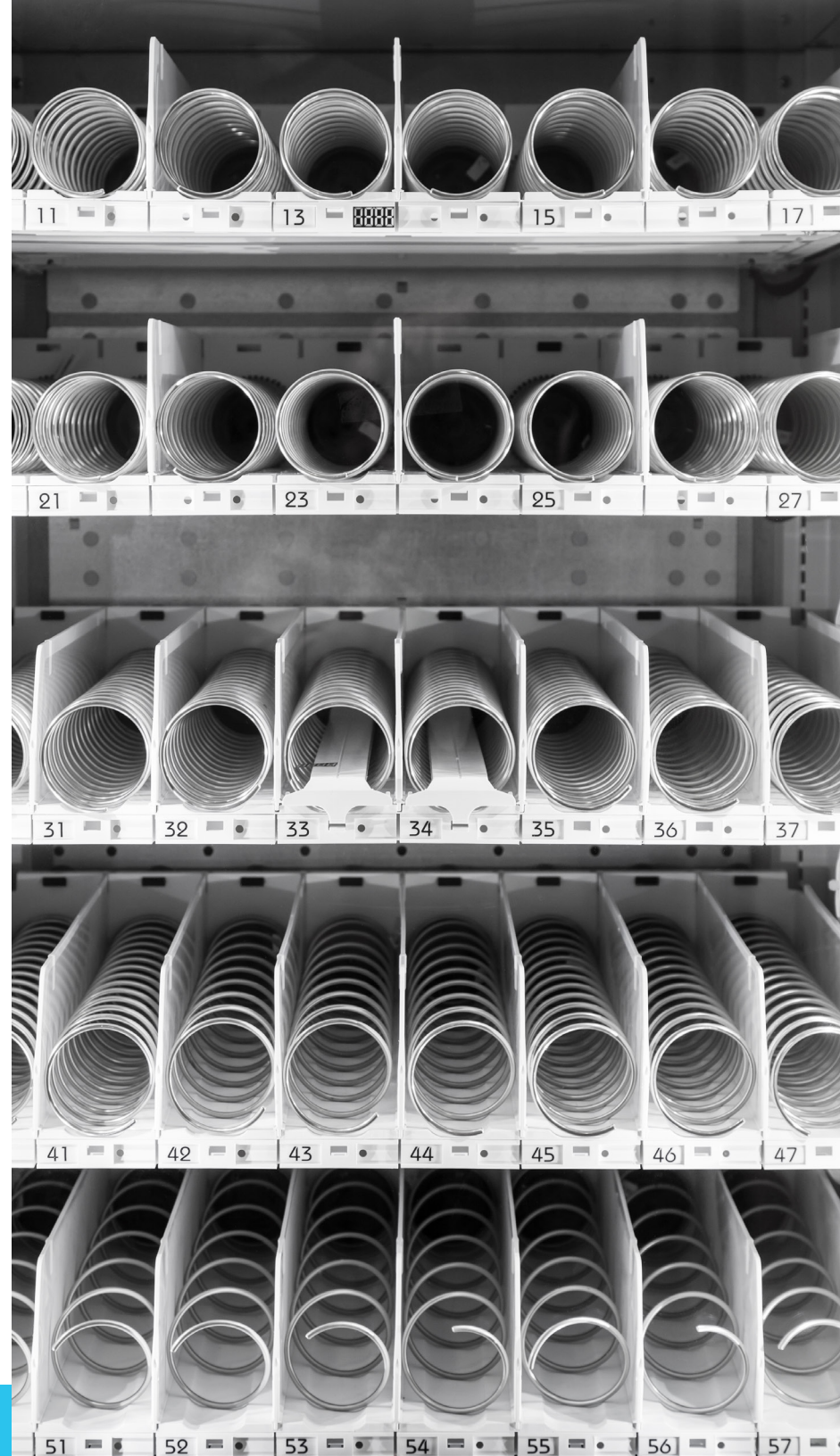
Pro Tip



Ensure products belonging to the **same category** are **side by side** in the planogram. It is highly recommended that you avoid placing products that are part of one category on different rows, particularly for top SKUs. For example, for products like Cheetos, that sell really well, stock them side by side and not in different coils if you are going to merchandise it into more than one coil. This will ensure customers can find them easily.



Also, consider **color breaking** as a technique to separate out like-products and **package colors** to ensure consumers see the variety within the machine.



5. Dynamic Scheduling



What

Unlike static schedules, dynamic schedules are constantly changing. **Dynamic scheduling** is a type of scheduling algorithm in which the schedule is calculated based on a set of criteria to optimize servicing assets. The criteria that are considered when creating a schedule are **geography** and **product depletion** of a vending machine based on real-time data. Based on such criteria, a schedule, comprising of the list of vending machines that need to be serviced on a specific day, is created. Scheduling ensures that your drivers only go to the machines that need attention and are **running low on inventory**. This also helps **save time** by not servicing machines that are fully stocked.



How

Utilize scheduling to focus on **high-priority customers** and ensure you meet **delivery timelines**. Scheduling can also help you avoid calls from customers on stock-outs and low inventory situations. Leveraging dynamic scheduling should help to increase **overall customer satisfaction**.



Pro Tip

Seed Pro's Smart Scheduling tool makes it easy for you to schedule based on your **requirements or location parameters** that you set within the software. Based on your specific requirements, it will help you know exactly **what machines to service, when to go to those machines, and what product to take to maximize route efficiencies**. It gives you the ability to be **proactive with your customers** to ensure that they do not reach high sold-outs at any of your locations.



The Dynamic Scheduling feature helps reduce expenses by

25%



6. Inventory Interval



What

Inventory Interval is the number of times that a driver can service a machine before a **physical inventory** is required. Once the inventory interval is met, a machine service should be scheduled specifically for a **physical count of existing stock** in order to reconcile with the numbers indicated by the software system.



How

To ensure an inventory count is completed on a machine you can set the inventory interval at the **machine level**, or you can set at the **route level**. Often times there is a **push notification** to the driver's handheld that alerts them that a required inventory must be done. In order to conduct an inventory, the driver must open the machine, and press the **red restock button** to initiate the steps to complete an inventory.

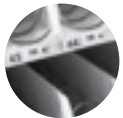


Pro Tip

For an online machine, the **inventory interval** is usually set at **4 services**. With **Seed Mobile**, you can request an **inventory count** at any time for a machine by sending a **notification** to the driver's handheld that will result in a red exclamation point or "!" beside the "Inventory" button. This will require the driver to complete an inventory. It is highly recommended that a driver does an inventory check on a coil/product if they feel that they are receiving **incorrect pre-picks**.



With Seed Mobile, a red exclamation point or "!" will display in the device so that driver easily knows that an inventory is required.



For example, if a driver notices they did not get **Cheetos** in their pre-pick but they only have 2 left in the coil B2 then they can do an inventory check on that coil to determine any variances that may exist.



One unique feature with Seed Mobile is that the driver can take a photo of the machine during the restock process at any time and log the photo into the Seed platform for future reference.



7. Product Accountability



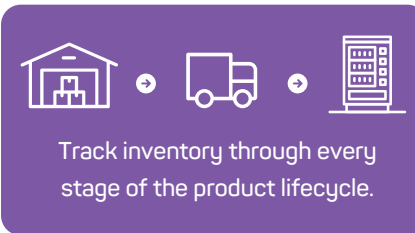
What

Product Accountability is a **reporting feature** on a Vending Management System (VMS) that allows you to **view variances** in the **warehouse, truck**, and in the **vending machines**.



How

By reviewing the product accountability report in your VMS you can follow the **product lifecycle** from the **initial warehouse, truck, and machine-level inventory** to the most **inventory on-hand** for a particular period. At a glance, you can view what has been received, transferred out, transferred in, and the projected **final inventory for the accounting period**. You can also view the **dollar value** of the current inventory as well as the dollar value of your **over/shortages** the drivers have tracked at the vending machines. This enables you to accurately report the **true value** of product sitting both in and outside of your **warehouse** from an **accounting perspective**.



Pro Tip



Use the **“History”** button in **Seed Office** (USA Technologies' VMS Solution) to research the over/short of any product. Once you have selected the history button on a product you can define a **date range** for the **accounting period** in question.



The results will show all **activities** on the product from the initial inventory to the most recent inventory. You have **complete visibility** to see every transaction and time at which the product was received, transferred in, or transferred out.



This will allow you to easily **compare invoices** from **suppliers**, as well as any transfers, and will help you **identify any variances** that may have occurred.



8. Coil Alerts



What

Notifications or alerts comprising of exact coils that have not sold any product in a specified time period. You want to be aware of **coil performances** because you may have products that just don't sell for a given time period and want to test a new product in its place, or you may have an actual coil jam on a regularly high-performing item.



How

To enable coil alerts you need to **choose a route** that you would like to get **alert information** on related to coil performance. Once you have set the **parameters** for the **number of days** that a coil hasn't turned a product, you can start reviewing the data for **coil performance**. With a simple click of a button, you can view the details of that particular coil.



Set parameters for the number of days that a coil hasn't turned and review coil performance.



Pro Tip

Seed Pro's notification feature generates a list of coils that have not turned in X number of days.



An operator can also judge if there is a need for a **service tech visit** at the location where the alert is generated if one of the top selling SKUs appears on this list. This is usually an indicator to test the coil as it is highly likely that there could be an issue with the vend motor.



A close analysis of the coil alerts could also bring attention to coils that are not moving at all at a particular location. This is mostly true if a coil has not turned in 30 days.



9. Vending Commissions



What

An agreed upon **percent of sales** from a vending machine that is paid back to a **customer/client**. Commissions are often used to help **incentivize top customers** to reach **higher performance goals**.



How

Commission plans are created **within a VMS** and can be applied either at the **customer level, location level**, or even at the **machine level** if the vending operator chooses. To create the plan, simply determine the amount of the **base revenue** that is **expected** by the location, and then add in the **incentive amount** for additional unit sales. This commission plan is then uploaded into the VMS software solution to **map against the actual sales** achieved by the customer/location/machine. This will compute the commission they receive.



Pro Tip

Within **Seed Office** you can view vending commissions under “Commission Plans” and these can be as **simple** or as **complex** as needed.



For example, an operator has the **choice** of paying a **simple 8% commission** on all items sold or the operator can **pay commission** on a certain **item category**.



Or, the operator could choose to pay 8% on the **soda category** and 10.5% on the **snack category**. The operator can also choose **not to pay** on certain machine types such as **fresh food** or **frozen machines**.



10. Customer Aging Invoices



What

An aging invoice is one that has passed its traditional **30, 45, 60 or 90-day window** of receiving payment from the customer/client.



How

Invoicing customers is typically not the challenge, but rather ensuring you collect on the money is. Within your VMS you can **generate reports** that enable you to view your **customer's aging invoices** and **send reminders** to those customers who have **crossed a due date** threshold with the amount that is due for payment.



Pro Tip



Within **Seed Office** you can automatically email invoices and statements directly to the **accounts payable contact** at the customer location. You can find this information easily under the **"Delivery"** tab. Here, the aging invoices are totaled by all unpaid, 0-30 days, 31-60 days, 61-90 days, and 90+ days for all of your accounts.



Seed Office also totals up the number of unpaid invoices per customer. You have the flexibility to setup your own terms based on what is best for you and the specific location.





About USA Technologies

USA Technologies, Inc. is a cashless payments and software services company that provides end-to-end technology solutions for the self-service retail market. With over one million connections worldwide, USAT is transforming the unattended retail community by offering one solution for payments processing, logistics, and back-office management solutions. The company's enterprise-wide platform is designed to increase consumer engagement and sales revenue through digital payments, digital advertising and customer loyalty programs, while providing retailers with control and visibility over their operations and their inventory. As a result, customers ranging from vending machine companies, to operators of micro-markets, gas and car charging stations, laundromats, metered parking terminals, kiosks, amusements and more, can run their businesses more proactively, predictably, and competitively.

Contact Us

800.633.0340
usatech.com

100 Deerfield Lane, Suite 300
Malvern, PA 19355

