6 WAYS TO INCREASE SALES IN
OFFICE COFFEE SERVICES

USA
TECHNOLOGIES

Office Coffee Services have had a great year and that was evident from the total revenue garnered which stood at $5.5 billion and represented a 5.4% increase over the previous year, according to Automatic Merchandiser's 2018 report on State of the Office Coffee Service Industry. * [Refer to Chart 1]

This increase in sales is touted to be due to an increasing demand for high quality variants of coffee and an enhanced customer experience. There is also a demand for increased related solutions, such as gourmet coffee lines and sophisticated single-cup brewing equipment.

The trends looked very positive for 2017/18, where 72.2% of the OCS operators reported "Increased Sales" as opposed to just 68.4% in 2016/17. * [Refer to Chart 2]

In this thriving economic environment, what should OCS providers do to increase sales? What should comprise their key focus areas, in order to increase not just revenue but overall margins and provide a differentiated customer experience to every OCS account?

*Source: Automatic Merchandiser: State of the Office Coffee Service Industry Report – 2018

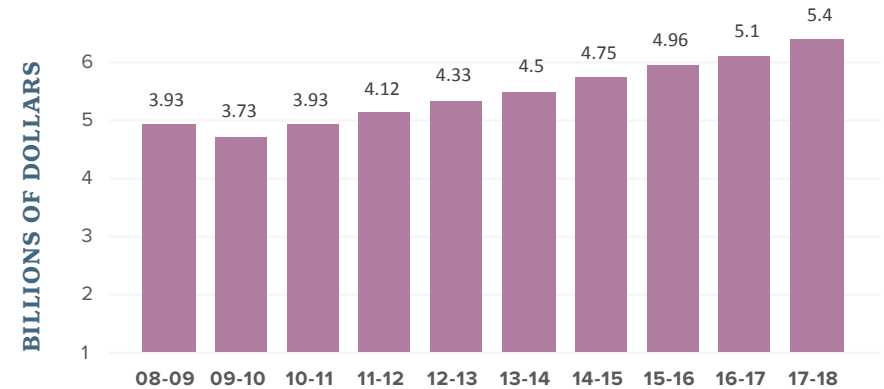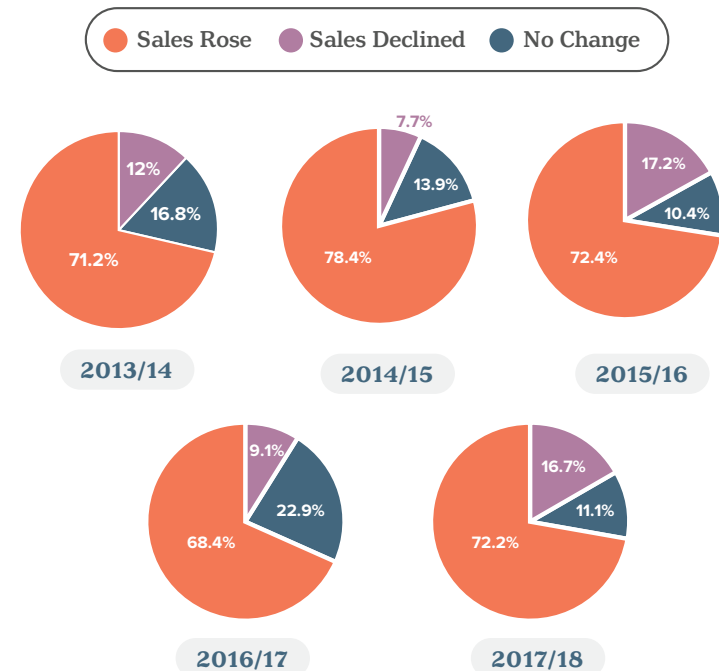**Chart 1:**
OCS Revenues - 10 Year History

Chart 2:
Operator Sales Change, 5-Year Review

1

Offer Premium Services to Expanding Accounts

In 2017/18, The regions that saw the **most growth in OCS Sales** were the **East and West coasts.** * Growth was attributed to **the steady economy**, which leads business and industry locations to spend more on services such as coffee for employees. OCS providers report that these locations are putting a large emphasis on **single cup systems**, especially **bean to cup brewers**. Customers are looking for **on-demand hot beverage options** as well as a wide range of drink options.

Accounts in these regions that are growing in terms of revenue, will lean towards **experimenting with premium coffee products** as well as services to attract the best talent and retain them. Top among them are premium options such as bean-to-cup single cup service, draft products such as cold brew, and pantry service/micro kitchens.

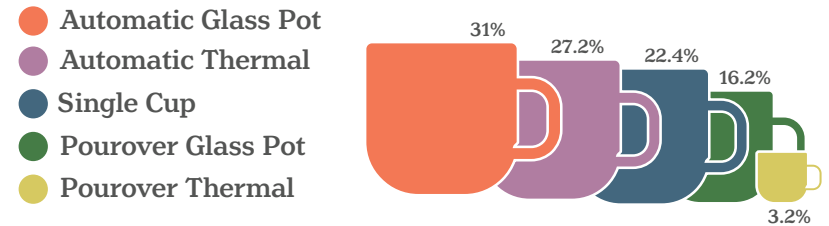*Source: Automatic Merchandiser: State of the Office Coffee Service Industry Report – 2018
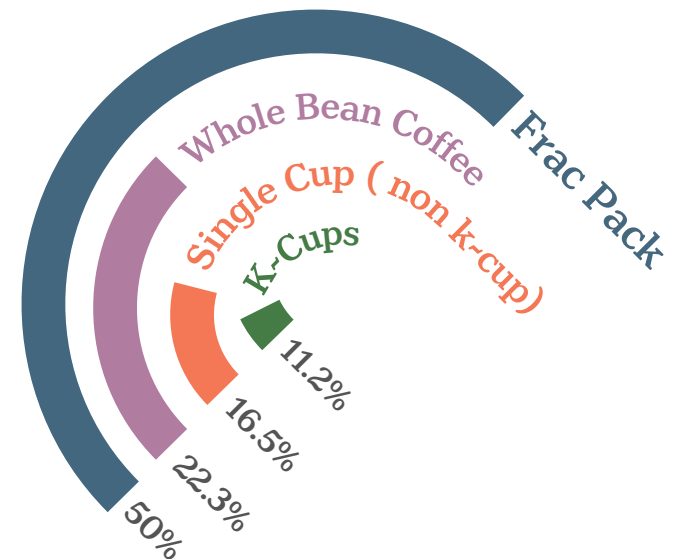
Offering Premium Services in OCS

Single-cup brewers saw an increase in placements for 2017 to 2018, representing **22.4% of the equipment placed** (Refer to Chart 3). This is one of the highest on record nearing the 2014/2015 high of 23.2%. Based on comments from operators, many of those are bean-to-cup brewers. A majority said **adding bean-to-cup brewers drove up profits**. Single cup brewers also contributed to 16.5% of the total OCS sales for 2017/18 as is shown in **Chart 3b.***

Chart 3: Placement Breakup of Coffee Equipment Type

- Automatic Glass Pot
- Automatic Thermal
- Single Cup
- Pourover Glass Pot
- Pourover Thermal

31%
27.2%
22.4%
16.2%
3.2%

Chart 3b: % OCS Sales by Product Category

Whole Bean Coffee
Frac Pack
Single Cup (non k-cup)
K-Cups

11.2%
16.5%
22.3%
50%

2

Analyze Order Patterns

Traditionally, OCS orders have always been pull-based. But what gives the opportunity to grow in this sector is **additional orders** that flow in **when the drivers are on-site**. Train drivers on your full suite of products and services within the OCS vertical. Encourage **drivers to listen to OCS customers** to pitch additional product or service offerings. **Schedule periodic reviews** with drivers to understand if additional order requests include SKUs that are not on your assortment list and need to be added.

PRO-TIP

Pre-selling is what gets you to go to the account, but while your driver is on-site is the best time to allow for add-on orders that will continue to maximize your revenue and profitability.

3

Enable Web Ordering for Clients

Convenience is one of the key factors for customer retention, and providing customers with web ordering options for office coffee services **makes it easy and fast for your clients to request the products they want**, when they want them. This would supplement the regular service schedule, and give customers an easier way to **create orders, print invoices, and check payment status anytime** they want. This ensures you are meeting the demands of the customer and also bringing in more revenue with easy, fast and convenient online ordering.

3 Step Process to Enable Web Ordering:

Ask your OCS Management Software provider for a customized order management portal.

Provide the URL for your order management portal to your customers and give them a brief description on how they can place orders effortlessly.

For a seamless ordering process, ensure all orders are verified with your customers and are added into delivery plans for routes going out the next day.

PRO-TIP

A web-based order management portal will reduce the sudden spikes and troughs in orders and will incentivize customers to order in batches. This will help OCS providers save on operating costs by combining deliveries of these orders with vending routes.

Industry Trend Highlight
Web Ordering in OCS

According to Automatic Merchandiser's Special Report on the OCS Industry 2018, **this was the first year all respondents reported having a website**, and 50% offered online ordering on that site (Refer to Chart 4). In previous years, 2 to 3% did not have a website for their OCS company. The chart also shows that the percentage who offer online ordering grew from 29.6% in 2016/2017 to 50% in 2017/2018.*

Chart 4: **Company Currently Offers Online Orders on its Website**
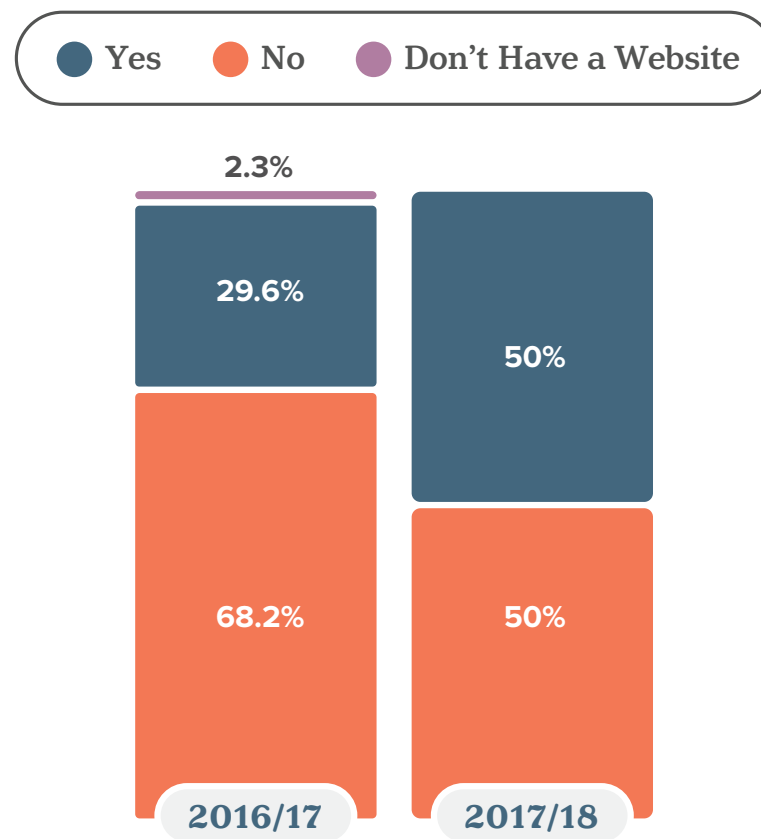
● Yes ● No ● Don't Have a Website

2.3%

29.6%

68.2%

50%

50%

2016/17   2017/18

4

Enable Electronic Invoicing

Signing invoices on an **electronic device such as an iPad or an iPhone** is proven to be a method of choice for payments across all industries, and OCS orders are no exception. It also helps **build trust** with a customer when **an electronic invoice is emailed to them** right after they have finger-signed the invoice. This can greatly help with accounting both for the customer and you, if they pull in all payable invoices generated and process payments to you within the time frame agreed upon in your contract. Electronic invoicing can therefore **increase your cash on hand.**

5
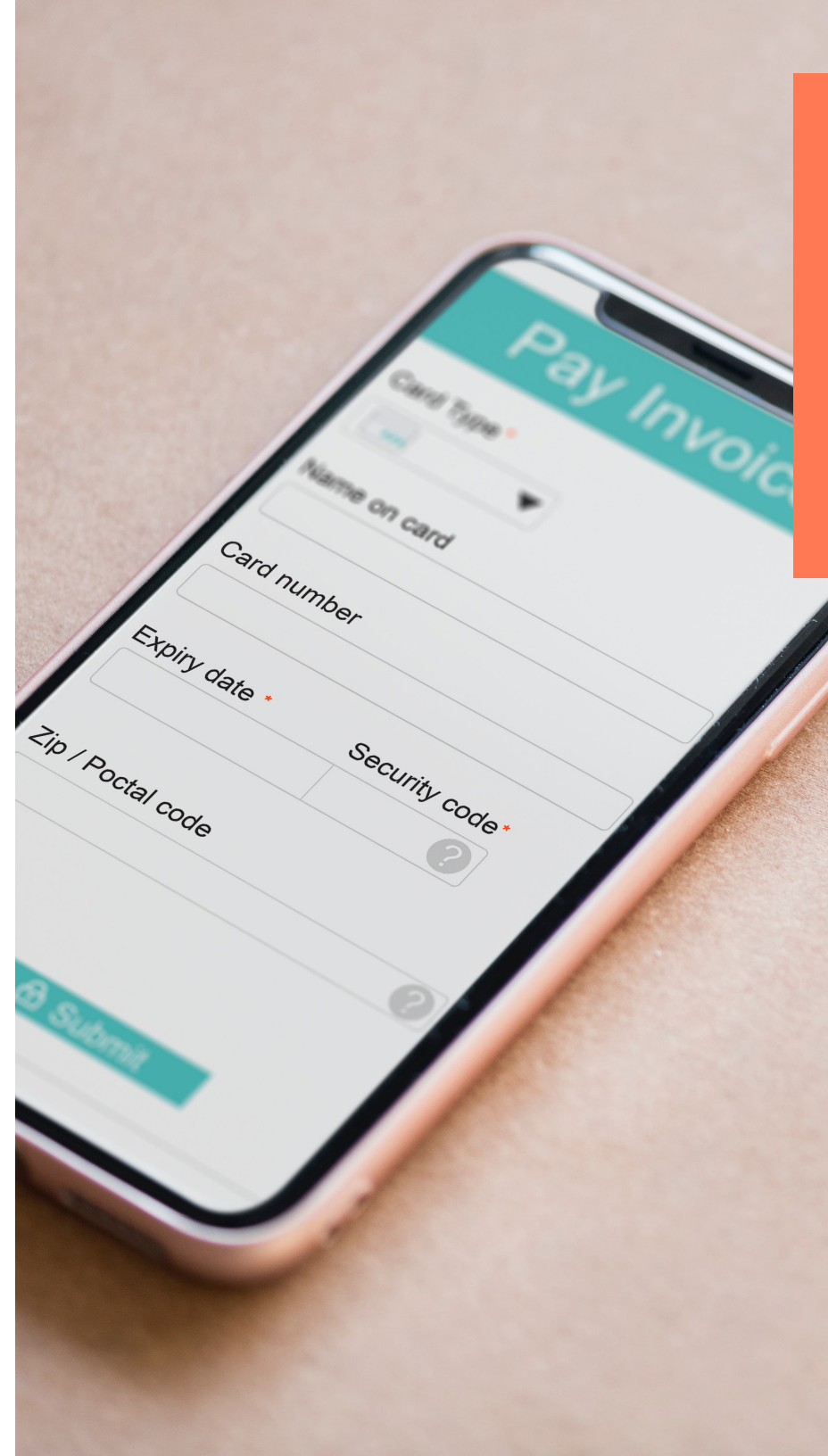
Rethink Your Pre-picking Process

With the number of predictive pre-picking systems available today, it would be very inefficient to go with a paper-based picking system. One of the primary ways to **reduce cost**, and thereby **increase profitability** would be to reduce the time taken to pre-pick the OCS orders, and you can do that by **integrating your OCS Management Software with a pick-to-light system**. These pre-pick orders can then be loaded on an iPad to make the picking process efficient. OCS orders are often time-bound, and delivering the right SKUs, within the stipulated time could improve customer experience tremendously, thereby ensuring repeat orders.

PRO-TIP

Save valuable time by replacing cumbersome paper pick lists with a delivery system that is both integrated to a pick-to-light system, and that will pick orders at the warehouse or on the truck.

6

Offer Allied Products & Services

Ensure your clients know you can provide them with both **affordable and high-end coffee solutions**. You can offer to them **affordable solutions** such as freebies to employees as an incentive to signing up with you. You can also offer **high-end coffee solutions** such as a **bean-to-cup service** at a low per-cup price. This would help improve employee satisfaction and also **differentiate your product offerings** from other OCS providers.

Consider additional services like **filtered water** to their monthly recurring charges. Make it easy to manage all the services your clients sign up for by using the right OCS Management Software that can easily populate recurring charges. This will **eliminate the need for operators to manually create invoices every month**, which can often times lead to errors or missed revenue.
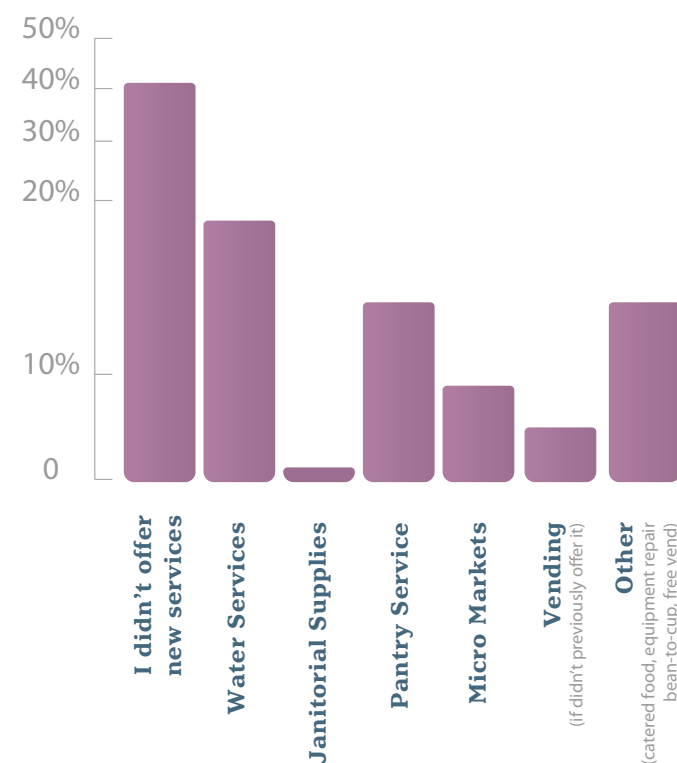
Industry Trend Highlight

Additional Services in OCS

The recent study by Automatic Merchandiser shows that **52.4% of the operators offered new services** to their OCS accounts. When asked about sustainable offerings, **44.4% said they provided water filtration systems** to eliminate the negative impact of bottled water. That was an increase from the year before when the number was 25%. Further evidence that water filtration is an upcoming segment for OCS is the number of providers who added it in 2017/18. It was the **most added service at 19.1%**. [Refer to Chart 5]*

Chart 5: New Services Added by OCS Operators in 2017/18

Bar chart categories:
- I didn't offer new services
- Water Services
- Janitorial Supplies
- Pantry Service
- Micro Markets
- Vending (if didn't previously offer it)
- Other (catered food, equipment repair bean-to-cup, free vend)

*multiple answers allowed

The OCS Industry is showing great promise in terms of trends in growth.

It is now the responsibility of the operators to bring in efficiencies to improve both top line and bottom line performances. To recap, here are the **6 Ways to Increase Sales in Office Coffee Services:**

1. **Offer Premium Services to Expanding Accounts**
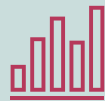
2. **Analyze Order Patterns**

3. **Enable Web Ordering for Clients**

4. **Enable Electronic Invoicing**

5. **Rethink Your Pre-picking Process**

6. **Offer Allied Products & Services**

About USA Technologies

USA Technologies, Inc. is a premier digital payment, consumer engagement and logistics service provider for the self-service retail market. The company's industry-leading customer engagement platform, ePort® Connect, has powerful synergies with Cantaloupe Systems' Seed Cloud™ Platform for cashless vending operations, combining to create the first truly comprehensive enterprise platform for the self-serve retail space. With 73 patents and agreements with Verizon, Visa, Chase Paymentech, and others, USAT is powering better experiences between brands and consumers and actively reshaping the new, consumer-driven retail environment.

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