

Your Guide to Micro Markets

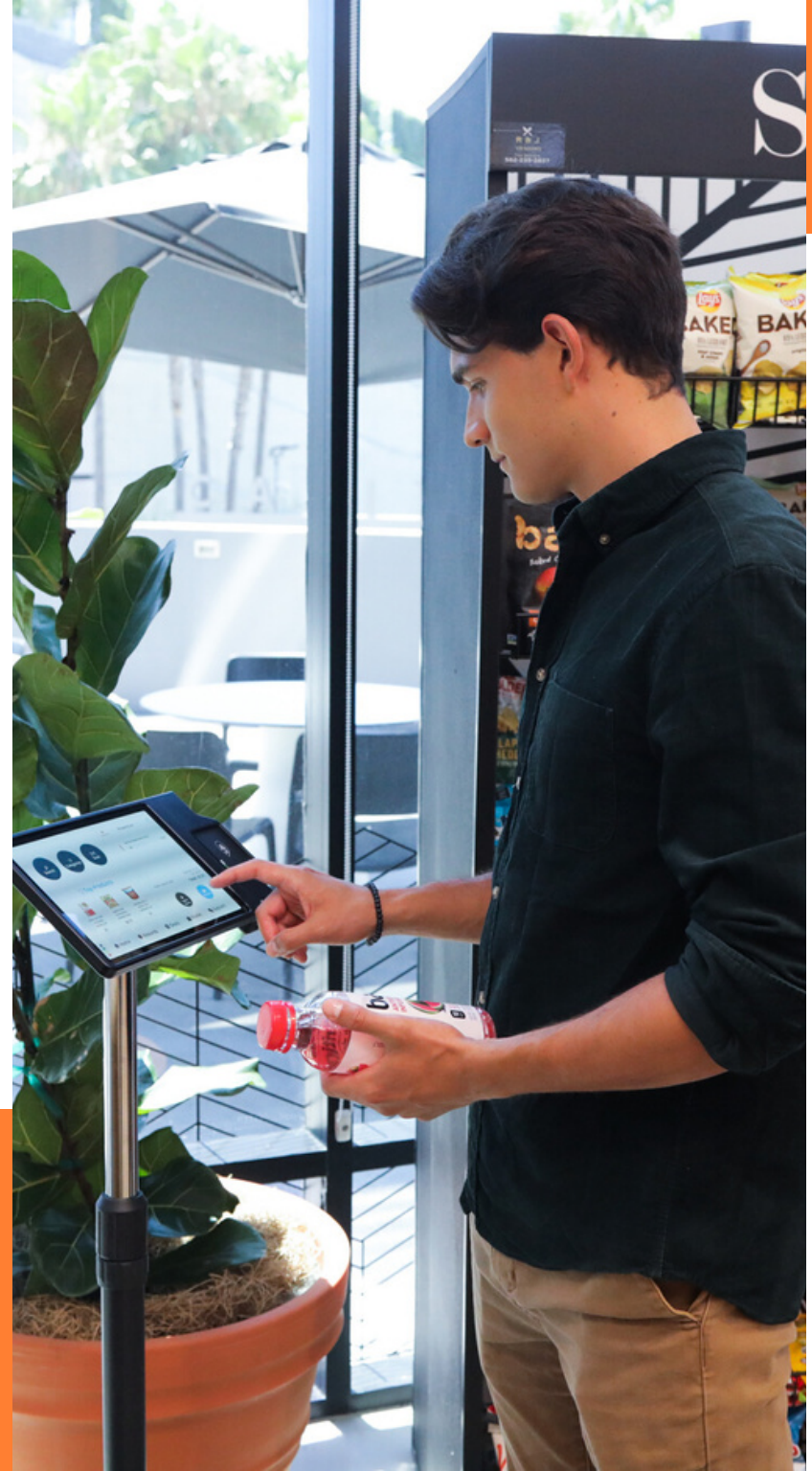




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INTRODUCTION

You want a sandwich, would love a cup of coffee, or simply want something to cure your sweet tooth. You could run to the local convenience store, or maybe there's a better solution.

Since the mid-2000s, micro markets have been popping up everywhere. Office break rooms, college campuses, hospitals, and hotels — just to name a few. In the U.S. alone, there are almost 26,000 active micro market locations, a number that will continue to grow as micro markets emerge as the next evolution of retail.

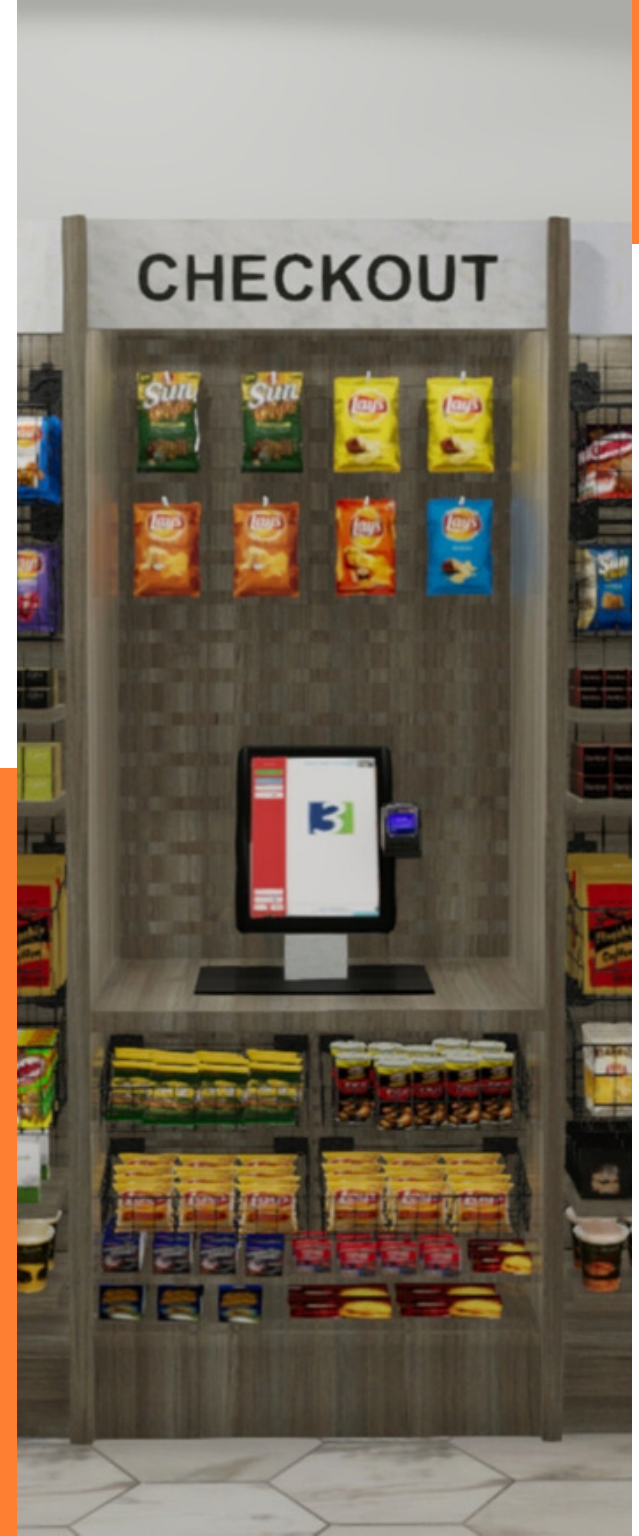


What are micro markets?

Micro markets are unstaffed, self-service retail spaces that provide food and drink options in unexpected locations. Instead of an employee at a register, micro markets have a self-checkout kiosk for customers to “grab, pay, and go.” They’re popping up in break rooms, lobbies, and other locations where people are looking for easy food options — often as a replacement for a vending machine.

Think of a micro market as a small-format convenience store. They feature a mix of open shelving and refrigerated cases to offer sandwiches, salads, fruits, vegetables, and other perishable foods alongside typical snacks and drinks.

Because an independent operator handles restocking and inventory, micro markets are appealing to businesses who won’t have to maintain or staff the market themselves.





What are the benefits of a micro market?

Think micro markets are just vending machines? Think again.

01 More merchandising options

One of the biggest drawbacks to vending machines is limited product offerings — they can only hold so many items, and not every vending machine can stock cold or frozen food. Additionally, fresh food is typically a no-go because of its limited shelf life.

In contrast, micro markets can stock a variety of products, and more of it. They can also sell specialty items that a traditional vending machine can't, such as gourmet coffee, baked goods, frozen treats, and even toiletries.

02 Fewer startup costs

In general, micro markets have good earning potential and present possible cost savings. For operators, micro markets could save up to \$14,000 in upfront investments compared to vending machines. At the same time, a micro market delivers \$1,000 more in sales per month on average than traditional vending.

03 Custom configurations

Micro markets can adapt to the needs of any location. From a single shelf of snacks to a full market with custom cabinetry, coolers, and freezers, micro markets are fully customizable for each location.



Where do you put a micro market?

While initially conceived for closed environments like office break rooms, micro markets can now be found in many different types of businesses.

They often work best in locations with moderate to heavy traffic, including public-facing areas. From shopping malls to hotels, warehouses to apartment complexes, high-traffic locations bring more market customers to aid in product turnover — which leads to a more significant return on investment.

Public-facing micro markets can also operate successfully thanks to anti-theft solutions and their physical closeness to customers.

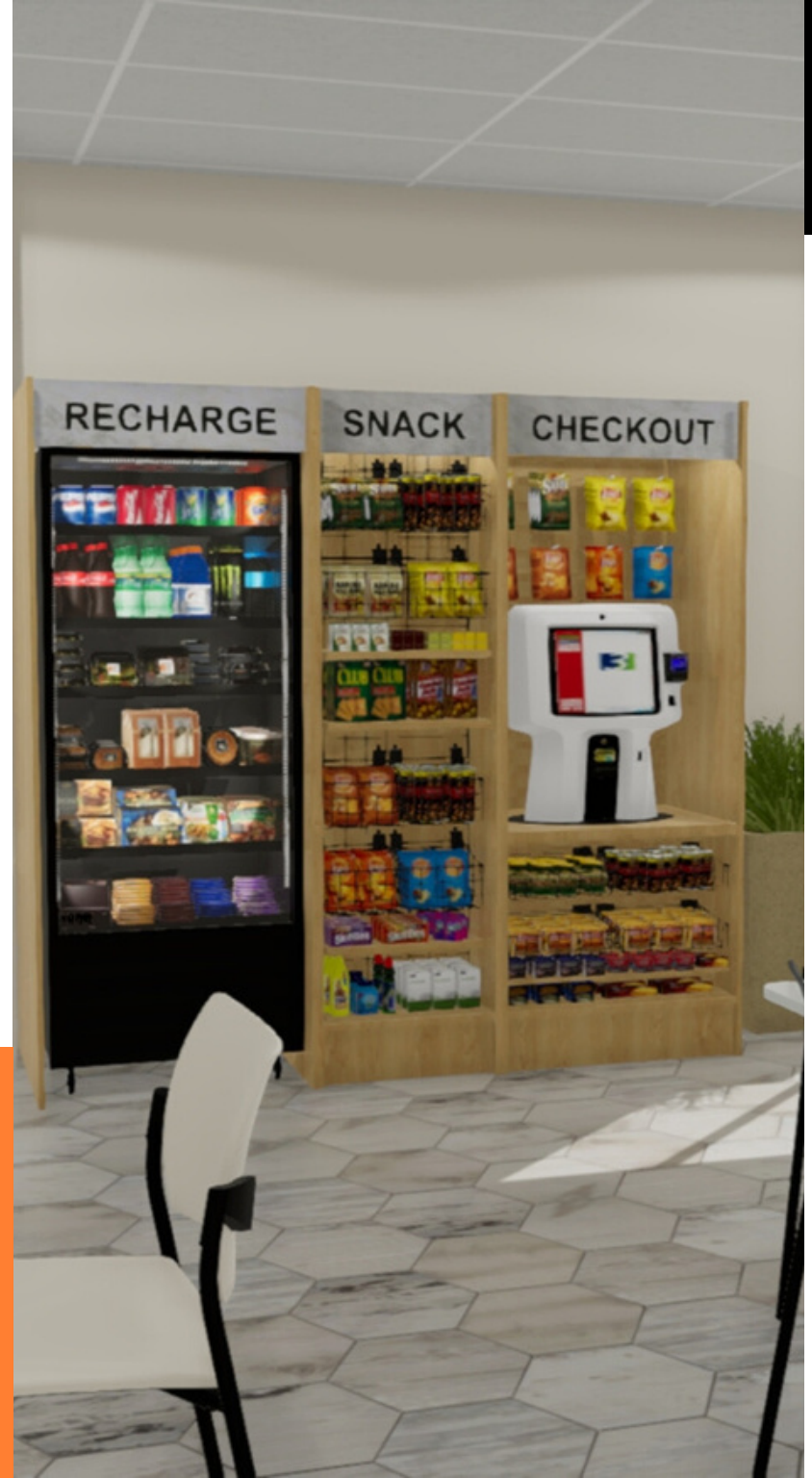
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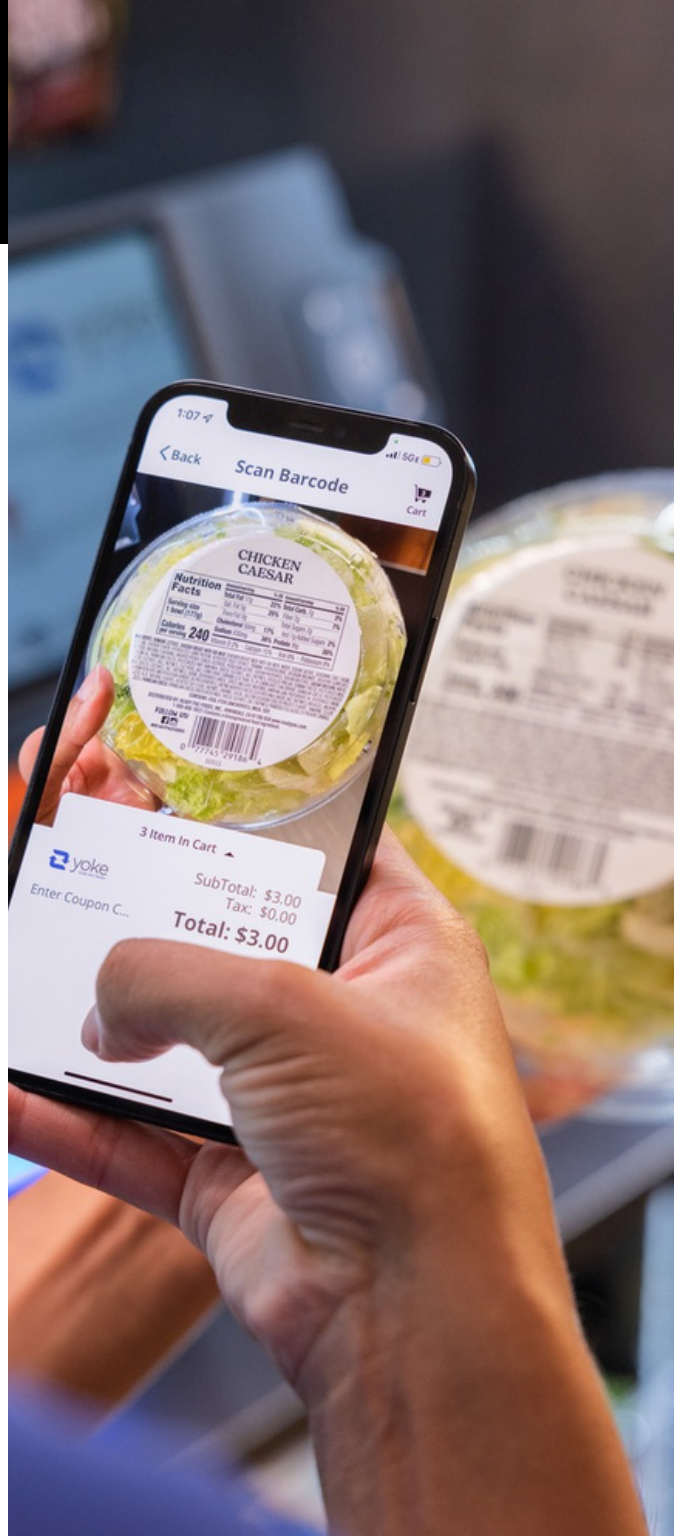
Why a micro market?



There's never been a better time to get into micro markets.

What would make a micro market so attractive to a traditional vending operator? Fewer startup costs, the ability to offer a larger and more diverse product inventory, and placement flexibility have made micro markets an appealing alternative to vending machines.





Lean into a no-contact retail experience

At the height of the COVID-19 pandemic, concerns about food safety and preferences for contact-free checkout options were at an all-time high. Those habits have stuck around, especially when it's time to pay.

Consumers like micro markets precisely because they provide something like a traditional retail experience without the need to interact with an attendant at checkout. In a micro market, self-checkout kiosks or point-of-sale terminals are set up to accept digital payment options like a credit/debit card, a mobile wallet, or an employer-provided meal card.

These kiosks can also come with their own mobile apps for customers to scan and pay from their own smartphones and avoid lines at checkout. The right point-of-sale solution allows the customer to control every part of their micro market experience. It's the ultimate opportunity for an operator to provide more choice, more convenience, and more security.

Enjoy 24/7 sales

Because micro markets are unattended, you can serve customers at any time. Access to healthy snacks and meals late at night or in the early morning hours can be a huge boon to students stuck on campus or employees working swing shifts. In a micro market, customers will get the same experience at 2am as they would at 2pm.

And since you can stock a micro market with more fresh food options, every sale you make in otherwise “off” hours is one you would have lost with a vending machine full of stale candy. If you’re concerned about security, you can implement camera monitoring to deter potential theft or vandalism.





Follow consumer trends

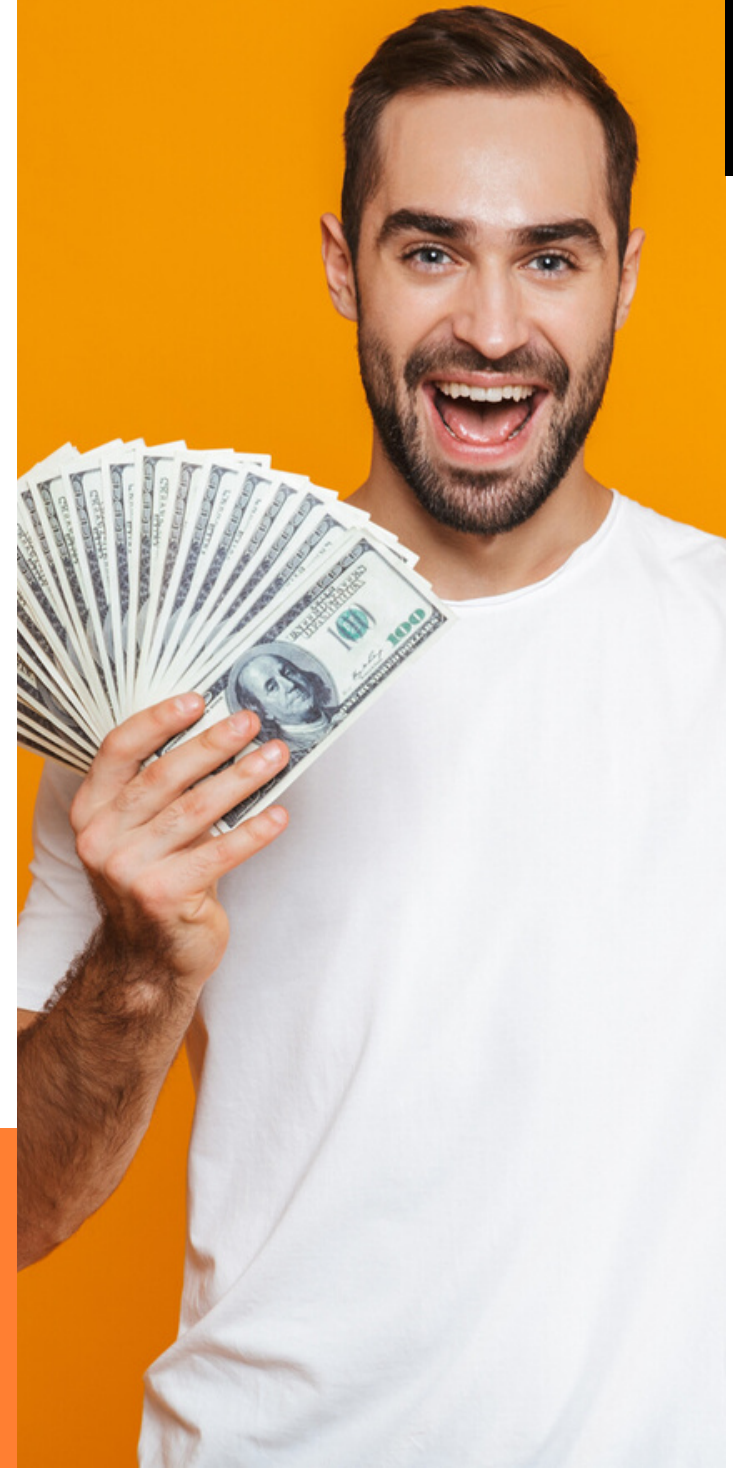
Consumers like micro markets for many reasons — and not just for the contactless shopping experience.

For one, they want more personalized buying experiences. With the right point-of-sale solution, you can set up loyalty programs where customers can accrue points and earn rewards for repeat purchases. Additionally, you can offer incentives based on your customers' buying habits — for example, an alert on their phone to remind them it's time for their 3pm snack. The more you engage with the customer as an individual, the more likely your micro-market business will thrive.

Take advantage of a turn-key business model

Micro markets are easy to start. Compared to a vending machine, you could save up to \$14,000 in upfront investments with a micro market. At the same time, a micro market delivers \$1,000 more in sales per month on average than a vending machine.

And, micro markets are a great way to diversify your growing vending operation. Once you have your first micro market up and running, the business model is easily scalable. Anywhere you see a consumer demand is another location opportunity for your micro market business.





02

Micro market, or machine vending?

Micro markets and vending machines both offer enormous potential for growth, but what's the best option for your business? While vending has been the big focus of the self-service industry for years, micro markets are a rapidly growing segment. With easy maintenance, fresh products, low start-up costs, and large revenue potential, many operators are making the move into micro markets.

But how do you determine where to place a micro market instead of a vending machine? What are the differences between vending machines and micro markets?





When should you open a micro market?

At its core, micro markets are unattended, self-service retail locations that offer a cost-effective and convenient range of goods to consumers. Much like a vending machine, but with more product options and fewer start-up costs.

Micro markets work best in a closed-loop environment — like an office or warehouse break room that has regular traffic and little competition. Ideally, you want a customer base of 150 to 200+ people. This substantial number of potential customers helps offset your set-up costs and higher costs of operation.



When should you install a vending machine?

While micro markets are becoming a strong option in many locations, there are some areas where a vending machine remains the better choice. Despite routine maintenance and limitations on product offerings, vending machines have additional layers of security that allow you to put them in locations where micro markets may be more exposed to theft and vandalism.

So, when is vending a better option than a micro market?

- Vending is better suited in locations where theft might be of concern.
- Vending is operationally more affordable in low-traffic areas.
- Vending is ideal in locations where people pass by quickly (i.e., schools and malls).

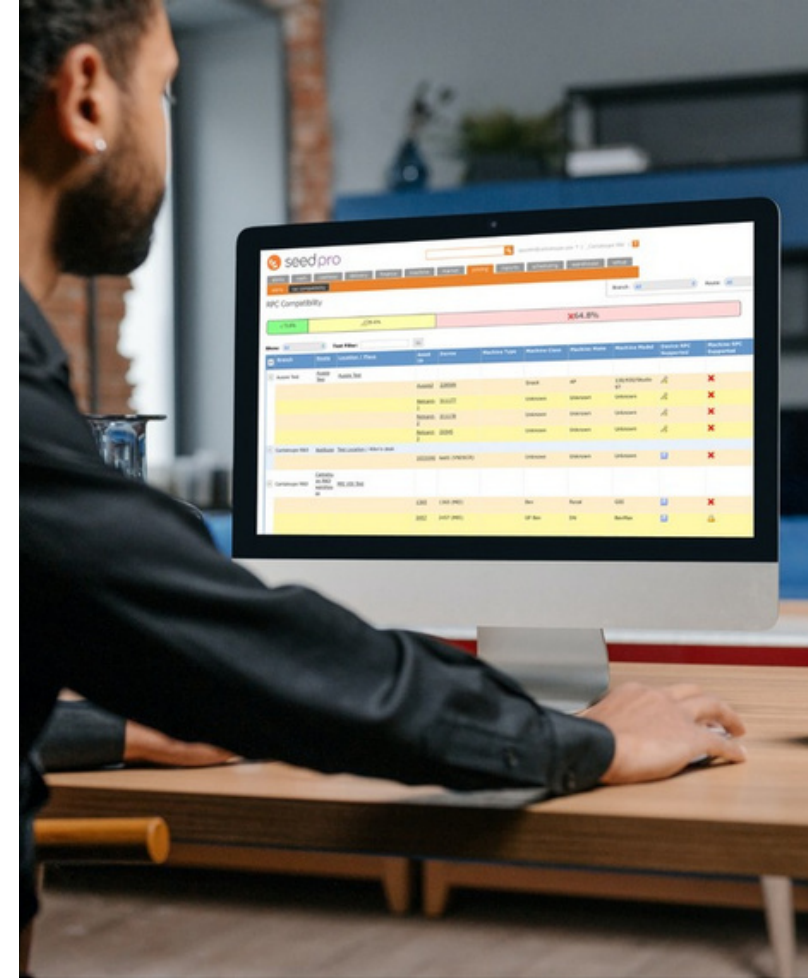




Can you do both?

The short answer? Yes!

Most operators begin their self-service retail journey with vending, and then expand into micro markets once they're more established. However, there are no rules on how you run your business. Opportunity is everywhere, and if you can find a location and identify its needs, then you can deploy a mix of both for your business to maximize your profits.



What you should consider as you grow is how you manage all your vending and micro market locations together. Managing your entire operation on a single software platform will help you streamline your routes, better plan your servicing schedule, and more easily manage your inventory across all locations.

03

Where should you put your micro market?





So you've decided to install a micro market.

You know why a micro market can save you on upfront costs and drive more sales than a bank of vending machines in a single location. But where should you put it?

Where to find your next micro market location

If you want to diversify the placement of your micro market locations, look for high-visibility, closed-loop environments that have a reliable, round-the-clock customer base.

College campuses.

Dining halls aren't always open 24/7, which gives you an opportunity to cater to hunger cravings wherever students and staff happen to be: libraries, rec centers, dorms, rec centers.



WHERE SHOULD YOU PUT YOUR MICRO MARKET?



Apartment complexes.

Help building managers expand their on-site amenities with a micro market that gives residents convenient to-go options as they're coming or going from the lobby or rec room.



Hospitals.

Hospital staff and visitors can't easily leave campus to get meals and the cafeteria has set hours, so there's a clear opportunity to offer an all-hours micro market with fresh, healthy options.

Hotels.

The opportunities for easy snack options have moved beyond a vending machine next to the ice dispenser. A micro market placed in a hotel lobby can offer convenient food and beverage options, as well as common toiletries that a traveler may have forgotten in their luggage.



Office buildings.

Don't limit yourself to a single employer in an office building. Chances are, you can reach out to other employers to expand your footprint into their break rooms. Or you can also work with building management to place micro markets in public spaces on different floors.

Health clubs.

Oftentimes customers want a cold water or a healthy snack bar pre- or post-workout. A micro market placed in the gym can be seen as a "healthier" option for food and drink than a vending machine.



WHERE SHOULD YOU PUT YOUR MICRO MARKET?





What you need for your micro market location

Wherever you decide to place your next micro market location, there are a few things you'll want to keep in mind to ensure a return on your investment.

The first thing to know is that you don't need a large space or massive customer base to run a successful micro market. Many operators are managing profitable markets in locations with as few as 50 customers thanks to the availability of compact, affordable kiosks and flexible layouts that keep upfront costs reasonable.

The second thing to remember is that you don't necessarily have to stick your micro market in a true closed-loop environment. More and more, operators are expanding the micro market concept into more public-facing locations, like airports and malls. With the right security equipment in place, you can put a micro market almost anywhere.

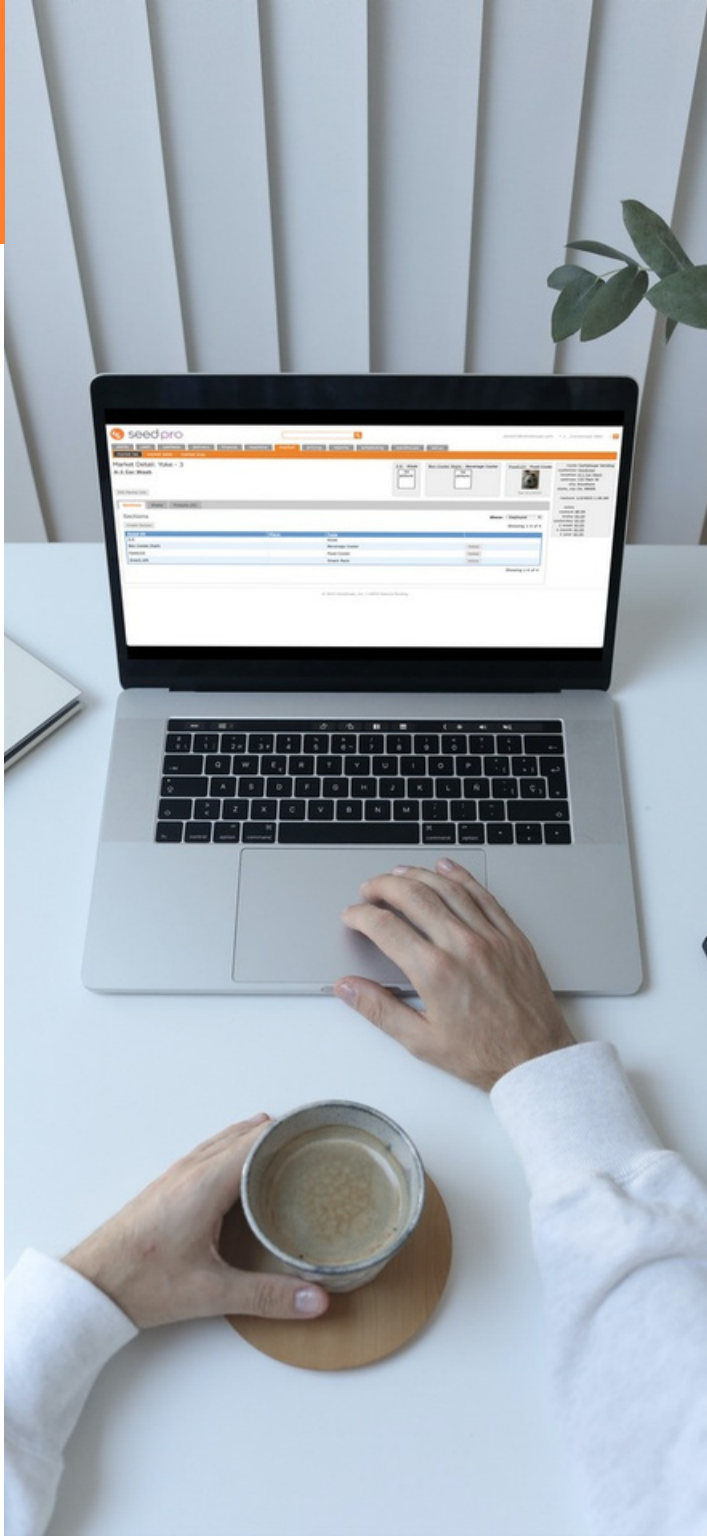
Getting started with micro markets

Because there isn't a one-size-fits-all approach to micro markets, the first step is to get the dimensions of the potential location. A lot goes into a micro market's design and inventory, including:

- Location and demographic analysis
- Networking and electrical requirements
- Security of the space
- Wellness goals of the organization
- Requested food and drinks

For operators, micro markets can be more hands-on than traditional vending. Are there customers who are gluten-free? What about offering vegetarian or vegan-friendly options? The more you know about your target market, the more specific products and services you can provide.





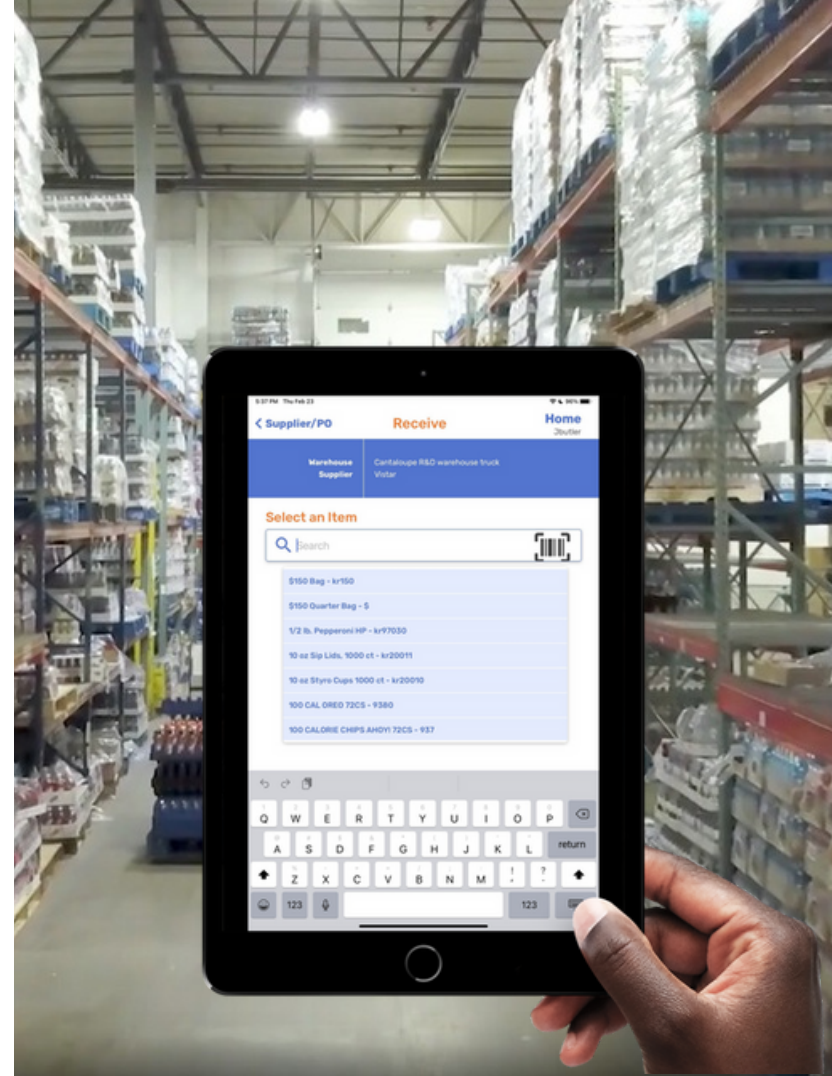
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How do you manage your micro markets?



You've established your first micro market location. Now what?

Installing more micro markets is the next step to building your empire. But growing fast and adding more locations can feel challenging when you're struggling with inventory management, service scheduling, and location reporting. How do you add more micro markets when you're still figuring out how to best manage those first few locations?

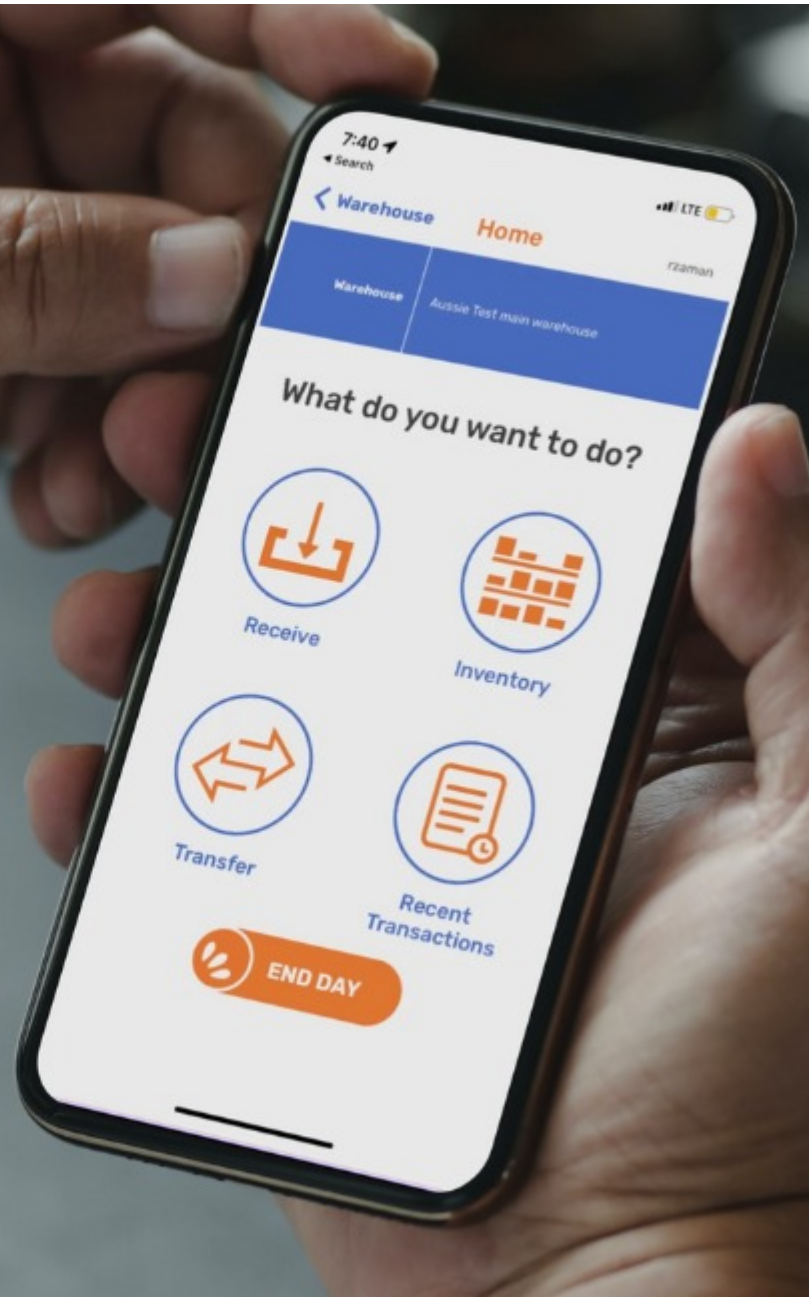


First off, you need fully integrated software that brings together your micro market locations and routes alongside your vending and/or OCS operations in one platform. The right tool should be able to handle anything from scheduling to pre- pricking to reporting.

**Here are the four
features you should look
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01 Do-it-all operations tools

To effectively plan for future growth, you know that you need to prioritize efficiency today. Your micro market software, then, should be able to:

- manage inventory
- schedule routes
- plan warehouse pre-picking
- run reports

And so much more. By integrating micro market management tools into a single platform, you can quickly simplify your operation to manage your micro market locations the same way you do your vending machines.



02 Simplified route planning

The most critical logistical process that your micro market software should address is driver routing. With the ability to manage route schedules on software that is integrated with your vending management system, you can avoid wasting trips to locations that might not need servicing.

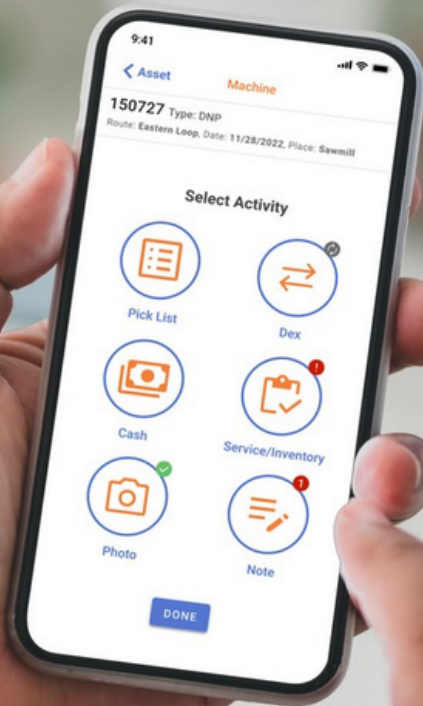
You should also be able to schedule hybrid routes so that a single driver can service your micro market, vending, office coffee services (OCS), and pantry locations all in the same interface — decreasing total routes and optimizing driver efficiency.





03 An integrated app for drivers

Your micro market software should have a mobile app that makes it easier for drivers to service each location. No need for separate apps between your market, vending, or OCS locations. And since the app connects directly into your micro market software, you can direct your driver to service only the specific sections of your markets that require attention — reducing physical inventory down to 10 minutes or less.



04 Streamlined reporting

Your micro market software solution should offer a single dashboard for financial reporting across your separate lines of business — allowing you to compare performance for your micro market, vending, and OCS locations. Streamlined reporting also simplifies your back-office operations by eliminating the need for multiple systems.

Your one-stop shop for everything micro markets.

If you're ready to get started with micro markets, look no further. Cantaloupe has everything you need to equip your market, from kiosks and coolers to cabinetry and custom signage. Plus, you can manage your markets as you grow with our best-in-class Seed™ platform.



Learn more at:

cantaloupeinc.co.uk/micro-markets

