

Making Money with Vending Machines

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Every year thousands of people enter the vending industry with promises of easy money and profitable part time work. Unfortunately most people are sold poor quality machines that will never make money. Despite this, it's possible to make money with vending. And here is some advice...

Is it easy to make money? Nope, it's hard work like any business.

The good points about vending

Great cash flow, stable income, flexible hours (until you grow) and the ability to work from home.

The bad points about vending

Expensive machines, coin jams, sites that don't make money (we've all got them), it takes a lot of machines or turnover to become profitable, and it can get boring.



Many Things that surprised me about vending

The large amount of cash I collected in one day (over \$2000 from about 6 hours work, which is small compared to the bigger operators)

The large amount of cash I needed to run a business (advertising, my wages, phone, van etc). This probably added up to about \$500 per week plus wages. This means that you need to be turning over around \$900 per week to cover operating costs before you can start paying yourself. This applies especially if you're serious about running a proper business.

When we started making money. Yep, it was a surprise when it actually started piling up in the bank account and we could buy machines from profits. This is a pretty exciting time for a vending business.

Advice I'd give before starting

Do your research, lots of research and then some more. There's plenty of people getting burnt badly and losing everything when they start out on the wrong track. Be wary of "new" vending concepts. Selling fresh juice, newspapers or frozen yoghurt isn't as certain as more traditional products like drink and snack. If you plan to make a go of it you need access to lots of capital. We spent about \$150,000 on machines and a vehicle to get a good gross profit of \$80,000. Don't forget that you still need to get the original \$150,000 back as well. Otherwise if you're with a partner have one of you work full time while the other person builds the business. If you want to do it part time you'll be restricted on the type of sites you can have. They need to be open in hours that you're not working. You also need to be able to get to them to fix problems at short notice so it's difficult to fit in with a full time job. Speak to existing operators and avoid making the beginners mistakes.

Is there a holy grail of vending?

Yes, well maybe and maybe not. The key to successful vending is good sites with the right machines. Sounds easy doesn't it? Until you try to get the good sites. The good sites take work, lots of work, lots of sales calls and lots of being knocked back. If you can't close a sale don't do vending. Get used to pounding the pavement, knocking on doors and getting rejected. You will get the good sites if you stick at it. My favourite site gets me about \$700 per week and takes about one hour to fill. My most hated site earned me about \$50 per week, took about an hour to fill, and had a dock master from hell to deal with every week.

Getting the good vending sites

Ask all your friends about their workplaces, maybe they need new machines. Offer a better machine and a better service, it really does matter to the site. Go door knocking, I used to do one whole day per week. Follow up all new leads with phone calls and information.

Put together some brochures that you can email in PDF or word.

Get decent business cards, not home printed jobs. Form relationships with other operators. Sometimes they don't want a site outside their area or it's for a service that they don't provide. When you enter a site immediately ask "who do I talk to about the vending machines?".

Charm, smile and be nice. Especially to the receptionist, they often make the decision about the vending machines. Follow up all sites every 3 to 6 months. Your best opportunity is when a site is moving or their current vending supplier isn't performing well. Talk to your machine supplier, they often get leads and will pass it on to their keenest customers, especially if they get a sale. Target the big operators, Coke, Smiths etc are easy targets if you can provide a better service.

Keeping the good vending sites

Smile at the receptionist, in fact smile at everyone you see.

Take a cloth and some cleaning spray and clean your machines often, there's nothing less attractive than dirty hand prints on a glass vending machine. If you see the decision maker offer a free drink or snack. Also offer the receptionist a free product.

Fix problems with your vending machine QUICKLY. Preferably within a couple of hours of them calling to complain. And then give them a free product.

Write good contracts, make sure that they are "assignable" so you can sell your business, not just the vending machines.

Tell them about your kids, your cousins sore back, your ulcers. Make that personal connection so that when the Coke rep comes to make a sale they will be rejected.

Offer them a free chocolate bar. They love it.

Choosing the right vending machines - this is my opinion only, other operators will disagree.

Try to limit the number of different manufacturers that you deal with. You don't want huge variety of different vending machines and models. Do drink vending OR snack vending OR combos OR coffee vending. You need a great big van to do all of them. If you're doing snack or combo vending machines make sure the machine has vend-detection. This is when the falling chips/chocolates break a beam of light as they fall. If the beam of light isn't broken then the customer gets their money back. This saves a lot of call outs and machine damage. Get modern, good looking vending machines. The sales are better and you'll have longer before you need to update them.

Short note about the author

Jim Storey ran a successful small vending business in Sydney Australia. He has started www.vending-machines.com.au to help vending operators obtain as much information in vending as possible.

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