

Automatic MERCHANTISER

▶ COVER STORY

Boston vendor finds telemetry improves service

Wireless remote monitoring creates new efficiencies that not only make P & J's Vending more profitable, but strengthen its customer service. *By Elliot Maras, Editor*

New technology promises to make vending more professional. But who will drive this change? With the high investment required and the market more competitive, will it be up to the large operators to take the lead in introducing cashless transactions, remote machine monitoring and Web-based reporting?

Will new business models evolve, whereby technology suppliers partner with machine manufacturers and/or operators in introducing these new customer conveniences?

Will small operators, with their lower overhead and ability to have the owner more closely involved in customer service, recognize the benefits of technology and take the lead in bringing it to market?

Only time will tell.

In the meantime, these new customer conveniences and operating system efficiencies are being introduced to locations by progressive operators. Operators with open minds are introducing cashless transactions, remote machine monitoring and other service enhancing technologies and are using them competitively in their local markets.

Case in point is P & J's Vending, a 6-route operation in suburban Boston, Mass. that has been using state-of-the-art technology for several years. The 16-year-old company has posted double-digit growth every year, and has used remote machine monitoring to improve customer service and improve profitability.

In many ways, founder/owner Jim Kelly typifies the independent vending operator. He believes that customer service is the foundation of a successful vending business.

WILLINGNESS TO EMBRACE TECHNOLOGY

While Kelly has relied on many of the same business strategies as other small independents,



Left: Remote monitoring is especially helpful in public locations such as this entertainment center, where sales are less predictable than in B&I accounts.

Right: Kelly continues to visit his accounts to maintain good relations. John Smith, left, is a former New England Patriot who now operates a sports entertainment center.

one area in which he has been exceptional has been his willingness to embrace new technology.

Several years ago, he heard through an acquaintance about a local company that was trying to develop remote machine monitoring. This company, Arkion Systems in New Bedford, Mass., was developing wireless networks to connect remote entities, such as vending machines and utility meters, to a central database, enabling monitoring and control from an Internet Website.

Kelly contacted this company and they agreed to test five of his machines using their wireless network. They placed receivers in his machines to transmit transaction data to a Website. "I always felt there was a better way to service (vending machines)," Kelly said. "To know what is selling and when you need to service the machine is part of the key to good service."

Arkion Systems eventually decided to focus on public utilities instead of vending. But the experiment convinced Kelly that the concept was sound.

EXPANSION INTO REMOTE MONITORING

In 2005, he decided to attend the NAMA Expo in Atlanta, Ga. with the express purpose of reviewing different remote machine monitoring systems. He was impressed by the user friendliness and the economics of the Cantaloupe SEED system.

The Cantaloupe software also interfaced with his existing Streamware software. Cantaloupe's SEED Platform provides wireless monitoring and alert notification of a vender's remote assets, while Streamware's software provides front- and back-office operational management solutions.

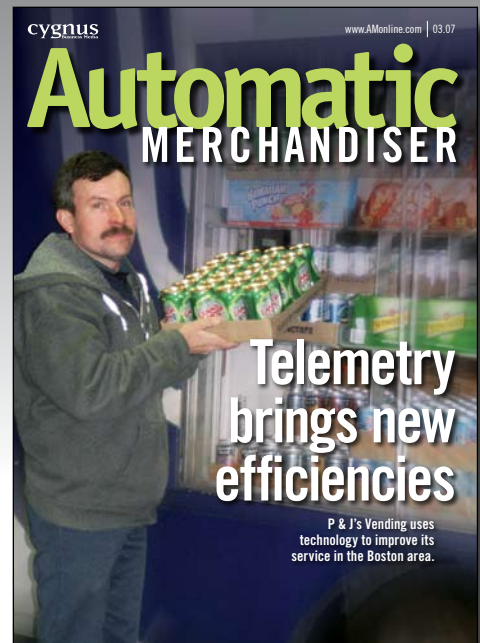
Kelly asked Cantaloupe to let him test five SEED boxes. Cantaloupe suggested that he test 25 units for a 90-day period. Kelly agreed to commit to 25 SEED units in exchange for an unconditional full return guarantee.

Kelly installed the SEED boxes on soda, snack, coffee and food machines at a college. All of these machines were fairly new, so there was no need for DEX retrofits. "It went well, and I was impressed with it," Kelly said.

Allen Lwin, a lead support technician for Cantaloupe, visited P & J's Vending to assist with the SEED installations. Lwin said this rollout was among the best that Cantaloupe has been involved with, due in large part to Kelly's involvement with his route drivers.

A HANDS-ON MANAGER

"He's different from other vendors," Lwin said about Kelly. "He knows where every one of his machines is located. He's really hands on."



P & J's Vending uses technology to improve its service in the Boston area.

Lwin said Kelly was an easy customer to work with because he didn't delegate the installation process to middle management. Instead, Kelly was involved in explaining to the drivers why the telemetry system would help them. "He understands the technology, and he knows what he has to do in order to succeed (with the technology)," Lwin said. "Jim's able to work with the drivers personally to show them how it's going to help them. He goes down into the trenches."

TELEMETRY'S FIRST BENEFIT: IDENTIFYING OPTIMUM SERVICE TIME

Kelly personally serviced the machines at the college for about six months to make sure everything worked as planned. The most immediate benefit was being able to know when the machines needed to be serviced.

"I could know if I had to service the machine every 10 days instead of every seven days," Kelly said.

Given the fact that service labor is his highest line-item expense, this has been an important benefit the SEED system has provided. In addition, the machine is never out of stock.

P & J's Vending has demonstrated that state-of-the-art technology can be used by independent operators to improve customer service. Remote machine monitoring has given owner Jim Kelly a more efficient operation and a new set of selling tools.

Technology promises a brave new world for the vending industry, and the independent operator will clearly be a part of it. | ◀



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