

# Financial Implications of Healthy Vending

Many vendors have found that revenue is unaffected by implementing healthy vending: and some vendors have experienced an increase in sales when they increased healthier options. The transition will go more smoothly when coupled with nutrition education, taste tests, promotions, and changes to pricing.

More and more people are interested in healthier snacks. According to a 2010 study by the Snack Food Association, about 74% of consumers are trying to eat healthier, with about 65% eating specific foods to lose weight. Sales of healthier snacks are outpacing traditional snack foods by 4 to 1<sup>1</sup> and contribute to increased sales growth and profits for food companies.<sup>2</sup>

## Increasing Healthier Choices

In February 2012, the Chicago Parks District implemented 100% healthier products in all park vending machines. A recent study found that 88% of park-goers reacted positively to the healthier options; the leading complaint was that the options weren't healthy enough. Average monthly per-machine sales increased over 15 months (\$84 to \$371).<sup>3</sup>

Baldwin Park, California implemented nutrition standards for all foods and beverages sold in city vending machines. During the initial six months the city experienced a dip in sales, but after six months revenue returned to previous levels, and that is where it has remained for the past four years.<sup>4</sup>

Healthy cafeteria standards were implemented in the Hubert H. Humphrey U.S. Health and Human Services building and sales increased 34% in the first six months compared to the six months before implementation.<sup>5</sup>

A three-month pilot program in the Missouri Department of Health and Senior Services demonstrated that with 50-60% of vending stocked with healthier options the vendor experienced a \$670 increase in revenue compared to the same three month period in the previous year. By month, sales increased 5.9% in November, 16.4% in December, and 6.2% January.<sup>6</sup>

Implementing a healthy beverage policy, St. Elizabeth's Hospital, in Boston, Massachusetts, experienced a 30% increase in healthy beverage sales, and overall sales increased compared to the previous year.<sup>7</sup>

Rady Children's Hospital, in San Diego, California, increased the number of healthier beverage choices available in cafeterias and vending machines, conducted an education campaign, and implemented placement strategies to make the healthier options more prominent. Over four months, revenue has remained stable, healthier drink purchases have increased 40%, and healthiest drink purchases have increased 64%.<sup>8</sup>

Consumers might take a few months to get used to new products. One way to mitigate dips in sales is to educate consumers about the changes and offer taste tests to find out which healthier products work best in different facilities.

Placement strategies, like putting healthier drinks at eye level instead of in the bottom of a vending machine, support healthier choices when the vending machine is not stocked with 100% healthier products.

A healthy vending pilot was conducted in three Delaware state agency buildings from October 2011 through April 2012. During the pilot, healthy selections were increased to 75% of food or beverage selections. The healthy vending pilot successfully shifted purchasing away from unhealthy beverages as compared to 2011 sales. In one location, sales of unhealthy beverages dropped from 75% of the units sold to 38%, while the overall units sold during those months increased.<sup>9</sup>

Iowa Department of Public Health used a social marketing approach to develop and test messages to motivate consumers to make healthier choices from vending machines. In pilot sites in office settings, there was a 10% shift in sales to healthier choices when messages were placed at the point of purchase in comparison to control machines (both sites had the same mix of products). In manufacturing settings, there also was a positive shift toward healthier product choice, but to a lesser extent than in office settings (5.7%).<sup>10</sup>

The Centers for Disease Control and Prevention and U.S. Department of Agriculture examined 17 schools and districts across the country that implemented nutrition standards for the foods and beverages sold through vending machines, a la carte, snack bars, and school stores. After a period of adjustment, most schools and districts found that revenue increased (71% of schools) or stayed the same (24% of schools).<sup>11</sup>

## Competitive Pricing

The University of Minnesota added healthier options to vending machines in 12 worksites. They implemented price reductions for healthier items of 10%, 25%, and 50%, and saw sales increase by 9%, 39%, and 93%, respectively. Average profits per machine were not affected by the changes.<sup>12</sup>

Pricing healthier options less than unhealthy options is an effective strategy for increasing consumption of healthier options, without negatively influencing revenue.

“Providing exclusively healthier options in vending machines is not only a responsible business practice, but a lucrative one.”

Sean Kelly, CEO & Co-Founder of HUMAN Healthy Vending

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