



BUILDING A STRONG, INNOVATIVE, AND SUSTAINABLE **VENDING & COFFEE** **SERVICE SECTOR**

COVID-19: CHALLENGES, BUT ALSO OPPORTUNITIES FOR OUR SECTOR?

The restrictions and lockdowns across Europe have been devastating on the vending industry.

With **four out of five** machines placed in workplaces, our industry is very susceptible to changes in the wider economic performance, so it is unfortunately no surprise how hard vending has been hit since March 2020.

With many companies expected to allow employees to continue work remotely even after the pandemic ends, almost **two thirds** of vending operators now expect a permanent reduction of turnover of **up to 20%**. Apart from working from home, other reasons include clients closing or reducing break areas, and occasionally some clients shutting down machines due to a risk of 'contamination' despite vending machines being one of the most hygienic methods to purchase food or drink.

However, the EVA believes that the ongoing health crisis has also demonstrated the great potential of vending and coffee service to adapt, and the investment opportunities in our sector:

- There is no doubt that consumer behaviour has changed during this crisis. As an unattended industry, vending provides a **safe and contact-free shopping experience**.
- While the vast majority of vending machines dispense coffee in workplaces, **a new opportunity for outdoor vending is presenting itself**. Machines selling protective equipment like masks are securing new public locations.

Huge business impact

21% of suppliers (e.g. machine & device manufacturers) have permanently dismissed employees. **41%** have introduced temporary layoffs for workers.

Lack of support

79% of vending operators across Europe declared that national and EU funding and aids are not sufficient to support their businesses

A gradual recovery

58% operators in April 2020 saw turnover losses between **61-99%**
In October 2020, three quarters of vending operators were still seeing losses of **more than 20%**

WHY VENDING MATTERS FOR EUROPE AND ITS CITIZENS

“As a thriving European industry, we aim to stay one step ahead of customers’ preferences. Our sector is always looking for innovative and sustainable ways to offer consumers a convenient and unique experience, and we look forward to collaborating with policy makers to ensure the right environment that benefits all of us.”

Paolo Ghidotti, President of the European Vending and Coffee Service Association

An industry that delivers...

Today, the industry comprising professional coffee and vending machines is flourishing in Europe.

300 million Europeans rely on us at least once a week for refreshments on-the-go, and every day, more than **4 million machines across Europe** deliver 95 million food and beverage items. Around two-thirds of our machines serve hot drinks (mainly coffee), with **80%** of all vending machines located in workplace sites like offices and factories.

Since 2014, total number of machines has increased by **6%** across Europe, as a direct response to new consumption habits and a demand for greater convenience ‘out of home.’

Provides manufacturing jobs in Europe...

Across Europe the industry employs more than 85,000 individuals directly within some 10,000 companies across the value chain, mostly small and medium-sized enterprises (SMEs) and family businesses.

The sector consists of more than just ingredient suppliers (like coffee roasters) and machine operators. Our industry relies on dedicated employees from a range of segments including machine and cup manufacturers, payment solution providers, vending telemetry solutions providers, and water filter system suppliers. We offer diverse employment and training opportunities to a significant number of workers and support the EU’s industrial sector job market.

... and responds to modern lifestyles

From smart technology to healthier choices, the vending industry is continuously adapting to new consumer trends and demands. We have become **an innovative industry**, designing and producing machines in Europe using the latest technologies.

Today, our new machines use cutting edge technology, from internet connectivity to the use of large touchscreens to ensure a better customer experience. The companies operating the machines have also developed over recent years a very efficient fleet and route optimisation, making both the business more sustainable and ensuring high consumer satisfaction. We represent expert know-how on coffee brewing technologies and export European excellence worldwide through premium machines and technical expertise. In fact, out of the three key vending and coffee markets in the world (Japan, USA and Europe), Europe is the only region to export machines globally.

The industry also encourages a **more healthy and diverse offering** in vending machines through various projects in different European countries. Research and development departments continuously develop new tasty, and healthy products, to fulfil new consumer diets.

Finally, our sector is committed to becoming more environmentally **sustainable** and has made significant progress in recent years. We are continuously working to minimise the impact of our vending machines and their products on the environment by using the latest technologies and best packaging alternatives available.

**DID YOU
KNOW?**

Did you know there are more than **4 MILLION** vending and coffee service machines across Europe?

WHAT'S BEHIND OUR MACHINES?

Vending machines are a convenient point of sale equivalent to a shop of 1m², and able to sell a diverse range of products. Different players in the service chain play an important part in providing a smooth consumer experience.

Payment systems providers offer a wide range of acceptance possibilities, including coin, banknote and electronic payment solutions (bank cards, e-wallets, employee badges, etc).



Ingredient suppliers provide a comprehensive choice of products and ingredients, tailored to the needs and requests of the specific location.



Vending machines allow the consumer to choose between their own reusable cups (when appropriate), or a recyclable and hygienic single use cup, produced by European manufacturers.



Telemetry and connected vending machines now alert operators to any potential faults/low availability of products, so that machines can be rapidly repaired/refilled, often before service is even interrupted.



10,000 vending operators - mostly SMEs and family businesses - clean, fill and ensure an overall seamless operation of the machines.



SUSTAINABILITY: ENSURING ENERGY EFFICIENCY & CIRCULARITY ARE PRIORITIES FOR VENDING

The European Green Deal, announced as a milestone initiative under the Commission's current mandate, will guide European policymakers' and stakeholders' efforts to achieve carbon neutrality, improve access to clean and affordable energy, and accelerate the transition to a circular economy.

For the European coffee service and vending industry, delivering progress on this environmental strategy

means continuing to minimise the impact of our machines and their products on the environment by using the latest technologies and best packaging alternatives available. We have already made significant progress and look to step-up our ambitions, while European policymakers continue to develop the right framework to guide and encourage green innovation and green choices.

MINIMISING OUR CLIMATE IMPACT

Our ambition

In line with the Paris climate goals and global efforts to limit the increase in global average temperature to 1.5 °C above pre-industrial levels, our sector is always looking to reduce its energy consumption, which primarily comes from cooling machines and keeping products fresh, hygienic and safe for consumption in line with the EU General Food Law Regulation.

Key achievements

As we await the shift to low carbon electricity generation, manufacturers have already made this a priority to leverage the latest innovations and design energy-efficient vending machines that consume less. For example, new vending machines now include energy saving devices to minimise energy consumption during the night or when the space hosting the machine is closed.

Since the cooling systems in our refrigerated vending machines make use of refrigerant gases, our sector is also committed to minimising direct refrigerant emissions. The EU F-Gas Regulation has already led to the availability of lower Global Warming Potential (GWP) alternatives to HFC refrigerants. The rapid uptake of lower GWP options has enabled our sector to switch to more climate-friendly alternatives such as Carbon Dioxide or Hydrocarbons. The sector has also benefited from targeted research from an EU-funded R&D project looking into more efficient cooling systems for vending machines operating on natural refrigerants, to help the industry transition to the new requirements laid down in the F-Gas Regulation.

All these efforts to increase our sustainability as a sector will become visible via the new energy Labelling scheme established by the European Commission for commercial refrigeration. The mandatory energy labels will complement the EU Ecodesign standards and provide a scale from A to G to identify best performing products. Further to this, the EU Green Public Procurement criteria, the EVA Energy Measurement Protocol for hot drinks machines and the fact that vending machines are manufactured on a modular basis also help our industry to continually improve on machine energy efficiency and all other aspects of sustainability, including ease of repair.

Our call to action

EU policymakers have a key role to play to **stimulate further innovation and incentivise R&D** into energy efficient technologies and devices that can be used in vending machines.

The Sustainable Products Initiative is a key policy measure to help advance the already good resource efficiency in the vending industry. We call on policy makers to actively engage with the industry to ensure the full environmental benefits and a true sustainable provision are realised through the initiative.



INCREASING THE CIRCULARITY OF OUR VENDING MACHINES AND THE PRODUCTS WE OFFER TO CONSUMERS

Our ambition

Our sector welcomes the EU's efforts to transition to a circular economy and "close the loop" of product lifecycles through greater recycling and re-use. As we begin to understand our impact as a society on the environment with regards to plastic waste, our sector is exploring alternative materials and ways to deliver coffee and other beverages while minimising material usage.

Key achievements

Restricting the use of single use plastic items is not always an easy task for the coffee service and vending sector, which has been relying on this material for a range of technical and safety reasons such as high temperature resistance and hygiene. Yet we have embraced the challenge and offer consumers different ways to consume sustainably.

Sensor technology has been integrated into hot drinks vending machines so that consumers can choose to consume a beverage in their own reusable cup, rather than a single use cup. Consumers are also reminded of this environmentally friendly choice via information labels placed on machines, for example through an ongoing project in Germany, or even in the buildings of the European Institutions in Brussels.

However, in certain circumstances, there is no alternative to a single use cup being dispensed from a vending machine – as consumers can't always be expected to bring their own container, particularly in public locations like train stations or sensitive sites like healthcare facilities – meaning that some challenges remain to find appropriate environmental materials which can be reliably and technically dispensed from a machine. Further to this, certain private companies may even prefer to use recyclable single use cups for economic, practical or hygienic reasons.

Best practice in focus:

The German Vending Association (BDV) has recently introduced a national label for hot drinks vending machines, which encourages consumers to bring their own reusable cup to the vending machine. Machines typically allow consumers to choose their own cup, particularly in the office environment.

Finally, we also care about the end of life and recycling of vending machines. Vending machines are designed on a modular basis, enabling equipment handlers to identify and extract some items from the machines for easy recycling at the end of their lives, and to be directly replaced. However, the end of life requirements in Ecodesign will continue to improve this aspect of the design.

Best practice in focus:

In Italy, the RiVending project, which was piloted in Parma and scaled to other cities, allows the recovery of plastic cups and stirrers upstream. This avoids the expensive and complex recycling steps of separating them from other plastics and industrial washes. A dedicated bin is placed next to the vending machine where consumers can dispense plastic cups and stirrers after use. The container's smart design optimises the volume of cups collected in the same bag by 150% compared to generic containers. In addition, the plastic collected is entirely recycled and reintroduced into the production cycle of new products, thus creating an efficient circular economy in the sector.

Our call to action

To be effective, efforts by our sector to become more circular must be complemented by awareness campaigns to encourage green consumer behaviour. This may include encouraging people to carry their own reusable cups and dispose their cups properly when they choose or require single use recyclable ones.

European policies should also encourage the uptake of packaging and plastic alternatives that are equally affordable, convenient, and safe for consumers, and importantly are able to be seamlessly integrated into the machine cup dispenser. Saying this, it is apparent that current alternatives on the market are not yet suitable to ensure a flawless delivery, and it is crucial that policy makers understand the deep engineering challenges new cup restrictions can bring for vending within a short period of time.

Furthermore, serious research needs to be undertaken in order to measure the true environmental and health impacts to alternatives to plastic cups in our industry. Indeed we have seen since the pandemic started that consumers often prefer to choose the hygienic safety that a single use cup provides.

We call on policy makers to ensure that future sustainable legislation is thoroughly researched and scrutinised in advance, rather than rushed which only creates implementation problems for the industry. We ask that lessons are learned from the unintended but significant technical difficulties created by the Single Use Plastics Directive.

There is a need to recognise that the vast majority (>80%) of the vending business takes place at so-called 'closed sites,' meaning vending products are consumed inside a building or the workplace, and where cup collection and recycling schemes are already employed. This is one of the key differences between the vending industry and other 'on the go' locations such as a high street coffee shop.

INNOVATION: INTEGRATING THE LATEST INNOVATIONS IN MACHINES

*The way that consumers pay and shop continues to evolve at speed and has accelerated during the pandemic. Innovation has revolutionised the vending and coffee service industry when it comes to payments and the use of smart and sophisticated technologies. Today, consumers increasingly expect to be able to use a range of payment options in retail environments, as they are using cash less often. According to the European Central Bank, the total number of **non-cash payments in the Euro area increased 8,1% to 98 billion in 2019**. Research suggests that mobile payments are also expected to grow considerably - by 2019 mobile payments already made up 23% of UK non-cash vending transactions.*

Our ambition

The shift to newer payment options represents a unique opportunity for the vending industry to increase both our convenience and our attractiveness for consumers, particularly those in the younger bracket, who want to make their purchases quickly and easily. Our sector is committed to placing innovation at the core of our business strategy in order to ensure a smooth consumer experience. For this reason, we are investing today in quality infrastructure which best meets the needs and demands of today's consumers.

Key achievements

From convenient payments to smart technology, digitalisation is shaping the way the vending industry is evolving. We are integrating more and more electronic payments (card and mobile) in our machines, while our coin mechanisms and banknote readers are world leaders in coin & banknote accepting, counting and sorting.

Our sector is also working towards the acceleration of smart machines, creating the opportunity to interact with consumers in new ways, from digital touch screens to personalised purchases through mobile applications. In addition, new connected machines are able to quickly react to changes in demand. Through telemetry operators can easily check online if the items need to be re-stocked, thereby preventing products from running low for several days or running out altogether. Connected machines also provide real-time data on whether the machine is experiencing a fault, and today it is even possible to detect, diagnose, and repair these machines remotely. These examples are revolutionising our industry and inspire us to keep growing and innovating.



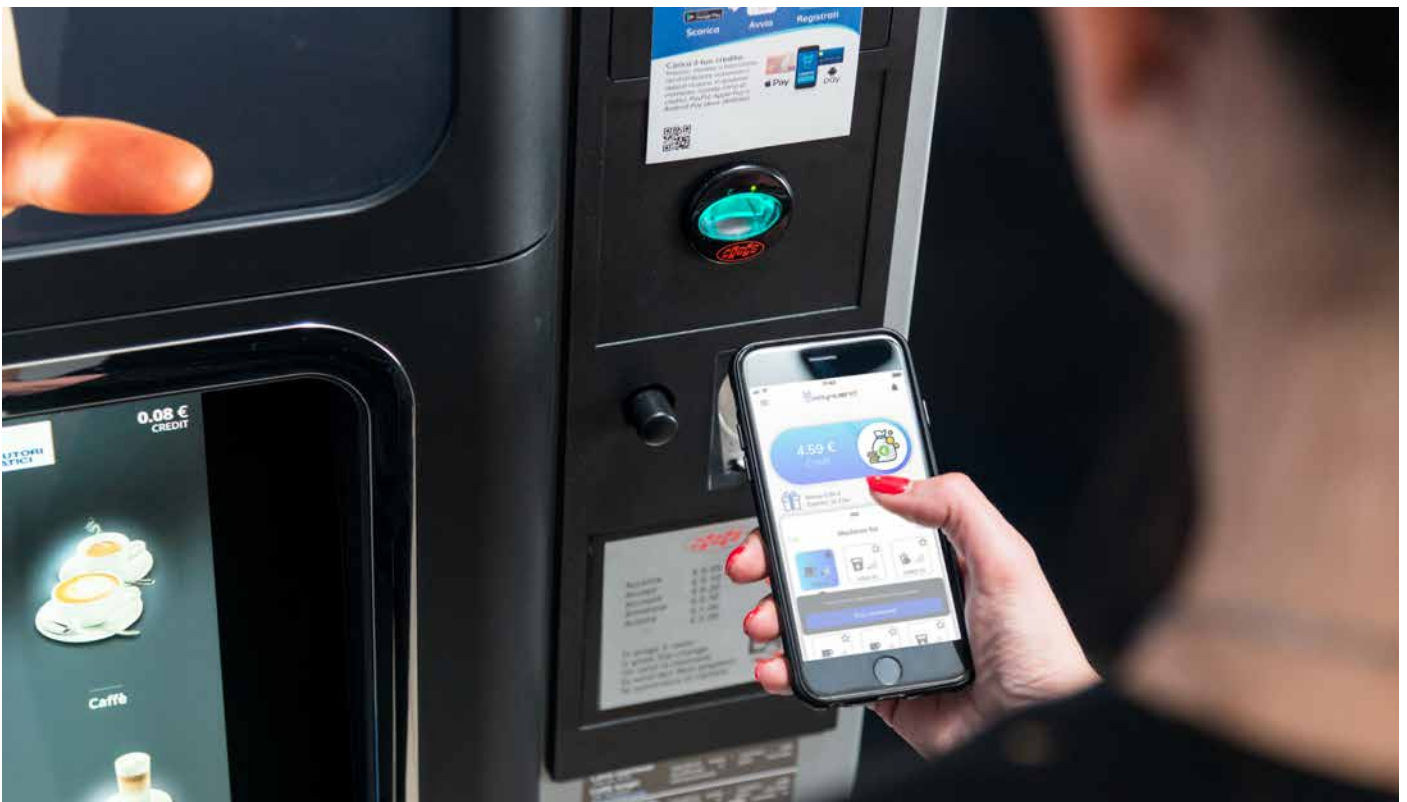
Convenience is the number 1 reason why people use a vending machine. Innovation is continually required to ensure this remains the case.

DID YOU KNOW?

Coin mechanisms in vending use a system of sensors that are able to detect all type of counterfeits, therefore preventing their circulation. This state-of-the-art technology - able to check up to 10 coins per second - is approved by the European Commission and the National Central Banks, and helps ensure consumers have trust in paying with cash.

Our call to action

- We call for a **better framework for secure, seamless and affordable payments** in vending: an easy and convenient payment landscape and experience for consumers.
- We call for **vending to be incorporated from the beginning in any revision of the European electronic payment rules** and we would like to see our industry treated the same as similar industries like parking or transport.
- Despite growth in electronic payment adaptation, cash payment systems remain dominant in vending. We call for **security features** as listed in our EVA Coin Design Handbook to ensure secure and trusted coins as well as affordable cash handling. Furthermore, we call on national governments to recognise the security employed in data accounting in vending.
- We would also like to see greater collaboration between decision makers and the vending industry in order to **create the right environment for SMEs**. For example, the development of rigorous impact assessments is key to ensure that future rules on payments take into account the technical feasibility for small and medium-sized enterprises. Policy makers should also continue to work closely with our sector when developing the EU's new SME strategy to **ensure that SMEs are properly supported** when it comes to innovation and adapting to new digital technologies. Finally, we would like to see **better access to finance for SMEs** within the framework of the EU's program for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) and Horizon Europe.



HEALTH & WELLNESS: WORKING TOGETHER TOWARDS HEALTHIER VENDING

We now live in an 'on demand' world, in which we look for quick and convenient solutions to our hectic lifestyles. We tend to grab breakfast and lunch 'on the go', with 20% of consumers having used a vending machine for lunch at least once in the last two weeks¹.

At the same time, healthy nutrition and good quality food is increasingly in demand from consumers. Not only are they looking for local and fresh products, they are also willing to pay more for higher quality products.

Consumer surveys show that:

- **31% of people surveyed would like to see more low-calorie food and snacks** available from snack and cold beverage machines².
- **Among young adults, fruit and vegetables make up 34% of products purchased, compared to only 19% for salty snacks and crisps³.**

Our ambition

Our sector is committed to offering better, healthier and fresher alternatives in our machines so that we can help make the healthier choice the easier choice.

Key achievements

We support voluntary initiatives and coordinated efforts across all stakeholders to tackle current trends in physical activity and diet, as we have done through our membership of the EU platform for diet, physical activity and health. Our sector has worked hard to take meaningful steps to improve and widen the choice of products available in vending machines in order to help combat rising obesity levels.

Offering more diverse and nutritious items provides greater consumer choice, allowing for more informed decisions to be made. Such achievements have largely been made through voluntary initiatives. The success of companies committed to using only healthy products that are locally sourced and use natural ingredients, is an example of how our sector can fulfil a demand for more diverse product choice. New 'farm fresh' machines in rural locations are also providing a direct and more sustainable link between farmer and consumer among a rising demand for local and regional products.

In this context, we are supportive of a sound EU code of conduct for responsible businesses, enabling vending companies to keep moving towards sustainable growth.

Similarly, the coffee service sector has worked to personalise the experience, creating greater consumer choice. European vending manufacturers agreed unanimously to configure their machines in the factory with sugar level defaulted to zero. This step decreases the chance of unwanted sugar intake.

Furthermore, large touchscreens and mobile applications are now able to provide product nutritional information to consumers ahead of purchase, helping to enable better choices.

Best practice in focus:

Manufacturers configure hot drinks vending machines with zero sugar level as default since 2018. This decreases the chance of unwanted sugar intake.



DID YOU KNOW?

Did you know that water is the most frequently purchased product from snack and cold beverage machines?

^{1,2,3} Automatic Coffee, Drinks and Snacks machines Consumer Behaviour, EVA, 2015

Our call to action

- We would like to see greater collaboration between decision makers and the vending industry to **promote policies which encourage better health and nutrition**, capitalising on the potential for vending machines to offer healthier products, in a convenient manner.
- If our efforts to offer healthier choices in vending machines are to have a real impact on consumer behaviour, they must be supported by **increased education campaigns around healthy nutrition and lifestyles**. EU policymakers must encourage Member States to invest further in nutritional education programs from an early age.
- **Greater harmonisation** across EU Member States towards vending machines and greater consensus around the understanding of what should be deemed a 'healthy' product would allow vending operators to promote more nutritious choices. No current EU Member states have proactive educational programs for vending operators, helping them to propose a balanced selection of products – despite this being recommended⁵.

We call for a **better understanding** that it is each company or institution that ultimately decides which products are placed in vending machines on site and we call for **better and more defined procurement requests**.

- Finally, we encourage institutions and companies to work with local vending operators to determine the **best product selection for each location**. Specific product choices can be easily facilitated (e.g. certain product restrictions in health care environments). Vending machines should be considered as smaller versions of a canteen or convenience store, and so can sell many different items. We can see no reason or evidence for arbitrary machine bans.

⁵ the Maltese Government in their Food and Nutrition Policy and Action Plan



ABOUT THE EUROPEAN VENDING AND COFFEE SERVICE ASSOCIATION (EVA)

The European Vending & Coffee Service Association (EVA) is a not-for-profit organisation established and situated in Brussels since 1994. It represents the interests of the European coffee service and vending industry vis-à-vis the European Institutions and other relevant authorities or bodies.

Its membership is composed of approximately 100 individual companies and 13 national associations (who themselves represent around 10,000 vending operators) across Europe. The EVA represents all segments of the coffee service, water dispenser and vending industry: machine and component manufacturers, suppliers of commodities (coffee, ingredients, snacks, cold drinks, cups etc.), and operators.

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