



# Financial Implications of Healthy Vending



Many vendors have found that revenue is unaffected by implementing healthy vending: and some vendors have even experienced an increase in sales when they increased healthier options. The transition will go more smoothly 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. Revenue varies considerably from month to month, due to popular programs starting and ending, but revenue has not decreased. The park wellness manager said that vending sales overall have gone up and exceeded sales forecasts.<sup>3</sup>

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

- 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.<sup>4</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>5</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>6</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>7</sup>

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>8</sup>
- Iowa Department of Public Health used a social marketing approach to develop and test messages to motivate consumers to make healthy 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>9</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>10</sup>

“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

## 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>11</sup>

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

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<sup>1</sup> Wyatt SL. State of the Snack Food Industry 2010. PowerPoint Presentation, 2011.

<sup>2</sup> Cardello H, Wolfson J. Lower-Calorie Foods and Beverages Drive Healthy Weight Commitment Foundation Companies' Sales Growth. Accessed at <http://www.hudson.org/files/publications/LowerCalHealthyWeightCommitment--May2013.pdf> on September 2013.

<sup>3</sup> C. Lammel, personal communication, January 7, 2013.

<sup>4</sup> Galindo RR. “Achieving a Healthy Community.” PowerPoint Presentation, September 29, 2010. Accessed at <[http://astphnd.org/resource\\_files/225/225\\_resource\\_file2.pdf](http://astphnd.org/resource_files/225/225_resource_file2.pdf)> on February 26, 2013.

<sup>5</sup> Missouri Department of Health and Senior Services. “Healthier Vending Campaign at Missouri Health and Senior Services.” Report, December, 2009. Accessed at <[http://astphnd.org/resource\\_files/225/225\\_resource\\_file1.pdf](http://astphnd.org/resource_files/225/225_resource_file1.pdf)> on February 26, 2013.

<sup>6</sup> Public Health Law Center. “Healthy Beverage Programs, Healthy Bottom Lines.” Access at <http://www.publichealthlawcenter.org/sites/default/files/resources/MN.healthcare.Healthy%20beverage%20programs,%20healthy%20bottom%20lines.pdf> on April 23, 2013.

<sup>7</sup> Fidles C, Schlichtholz MB. Rethink Your Drink Initiative Healthy Beverages Symposium. PowerPoint Presentation, February 21, 2013.

<sup>8</sup> J. Weber, personal communication, March 26, 2013.

<sup>9</sup> Iowa Department of Public Health. “NEMS-V Social Marketing.” Accessed at <<http://www.nems-v.com/NEMS-VResourcesSuccessStory.html>> on March 11, 2013.

<sup>10</sup> U.S. Department of Agriculture, U.S. Department of Health and Human Services, U.S. Department of Education. *Making It Happen: School Nutrition Success Stories*. March, 2005. Accessed at <<http://www.fns.usda.gov/tn/resources/makingithappen.html>> on February 26, 2013.

<sup>11</sup> Association of State and Territorial Public Health Nutrition Directors. “Healthy Vending Machine Sales Data.” Accessed at <[http://astphnd.org/resource\\_read.php?resource\\_id=225&sid=a9cb71&origin=&category=>](http://astphnd.org/resource_read.php?resource_id=225&sid=a9cb71&origin=&category=>)> on February 26, 2013.