

# vagabond

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## vīv

Software • Communications • Banking • Consulting • Commerce

# Embracing Technology and the Millennials that Love It!

The New Barbarians at the Gate  
or  
the Heroes of Vending?



# What do we think about Millennials?



.....FAIR? Right?



## Millennials?

Here's my conclusion upfront:

Millennials are going to provide vending with the best growth and profit opportunity in decades!

I'll be focused on this point throughout the presentation!



Let's talk about our own "house" to get a bigger picture, then return to Millennials!

**Disrepair** - the state of needing to be repaired : bad condition

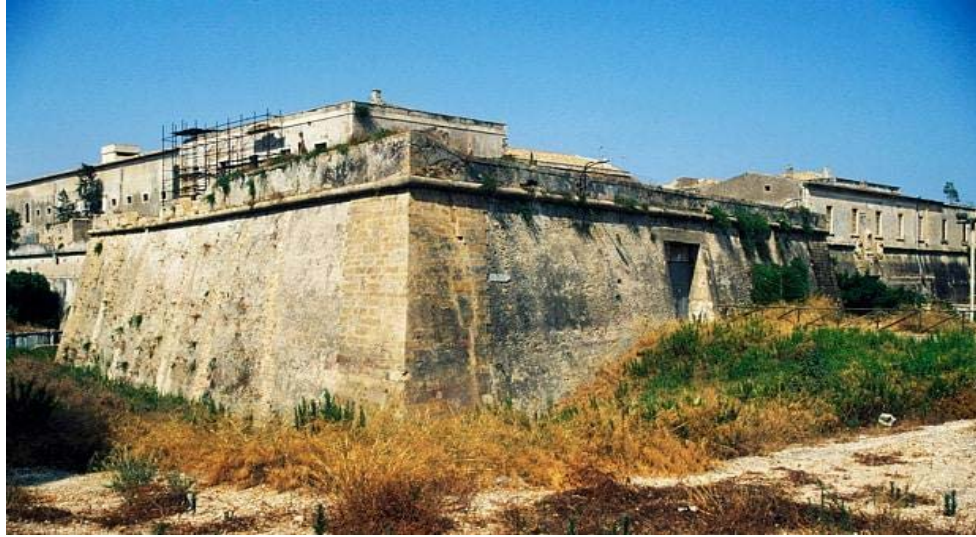
The lighthouse was **in disrepair** until volunteers cleaned it up.

A number of major bridges are **in** (states of) **disrepair**.

After years of neglect, the house **fell into disrepair**.

**Vending machines are one of** the few things keeping us away from the dream of a cashless society. The devices, which offer up an array of items for a little bit of pocket change, are silent but prevalent., Atlas Obscura, August 2015.

# Swabian Castle in Sicily



Built in the 1240's by the Holy Roman Empire and used in World War II by Germany **AND** stood strong until 2016...the State government took the landmark away from the City government for **disrepair**...800 years later...

# Parts of the Great Wall of China



Qiao Guohua patrols 5-mile stretch of the Great Wall of China. About **a third** of wall's 12,000 miles have crumbled to dust, and saving what's left may be world's greatest challenge in cultural preservation. Why? Forgot this part – disrepair!



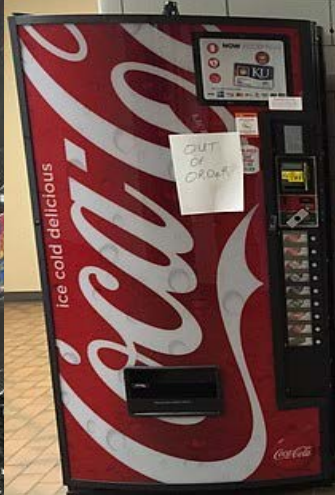
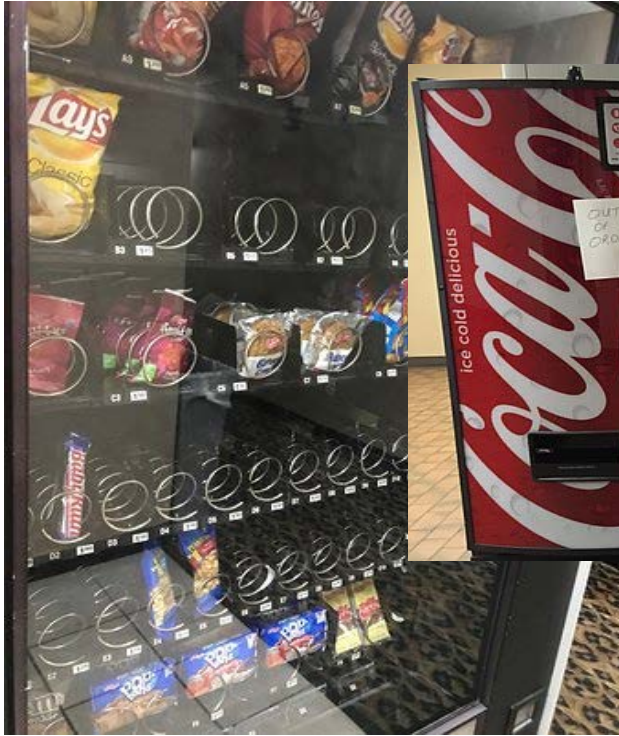
Bad neighbor next door...oops...



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# How about our vending machines? Disrepair?



# Vending Machines? Your business? Let's be honest! Are you embracing technology?

- Are you upgraded to MDB and DEX?
- Why or why not?
- What's the fear?
- Vending Technology is the key to your business **AND...**
- It's the key to Millennials....
- What's needed?
- Have you evaluated your business?
- "Counted the cost"?

I'm not saying this for Me. I'm talking US!!! My...err our....industry – Vending! Our current future is today....this is where we go back those guys, **Millennials!** Let's start bringing it full circle.



# Confused, yet? What do Millennials and disrepair have to do with Technology?

- **Everything**...Our future depends on the “next” generation.
  - Baby Boomers retiring in faster numbers (youngest 53)
- Gen X showed they didn’t “jump on vending”
- Millennials...

...Now what do we do?

Millennials are the one and only customer group that we say, **“Sorry! YOU have to adapt to us in order to use our products or services.”**

# Generations Defined & the Labor Force

## The Generations Defined

### The Millennial Generation\*

Born: 1981 to 1997

Age of adults in 2015: 18 to 34

### Generation X

Born: 1965 to 1980

Age in 2015: 35 to 50

### The Baby Boom Generation

Born: 1946 to 1964

Age in 2015: 51 to 69

### The Silent Generation

Born: 1928 to 1945

Age in 2015: 70 to 87

### The Greatest Generation

Born: before 1928

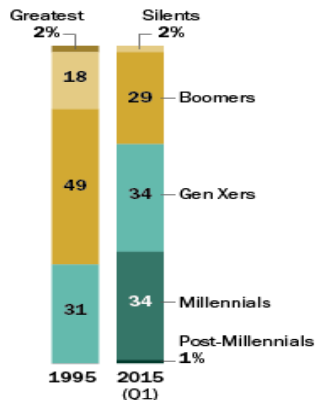
Age in 2015: 88 to 100

\* The youngest Millennials are in their teens. No chronological end point has been set for this group. For the purpose of following a cleanly defined group, Millennials are defined as those age 18 to 34 in 2015.

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## Labor Force Composition by Generation

*% of the labor force*



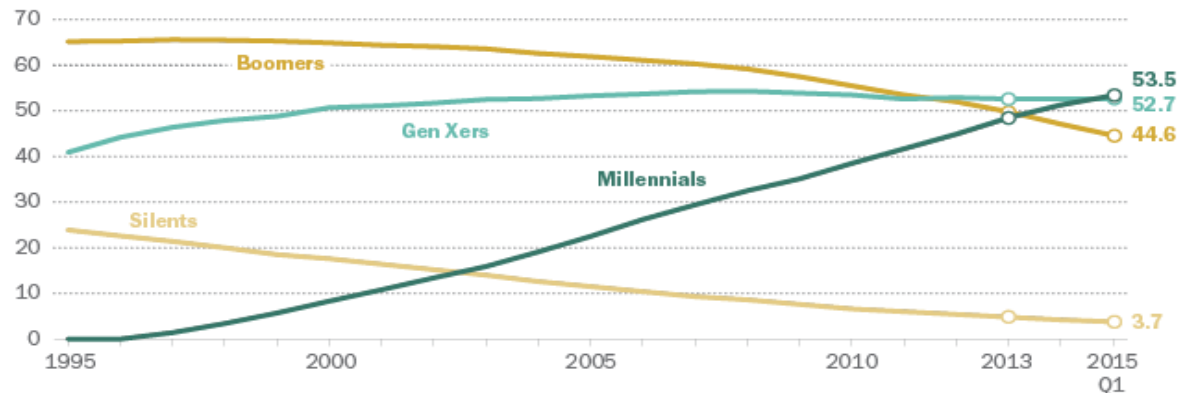
Note: Shares are based on the annual average in 1995 and the first quarter average in 2015. Due to data limitations, Greatest generation not identified in 2015 and Silent generation is overestimated in 2015.  
Source: Pew Research Center tabulations of monthly 1995 and 2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

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Millennials represent the largest generational group in the US workforce as of 2015, surpassing baby boomers **and** largest generational group in the US population as of 2016. Are they taking over?

### U.S. Labor Force by Generation, 1995-2015

*In millions*



Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is overestimated from 2008-2015.

Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

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# Changes due to Millennials...By 2020, **Millennials will represent ~50% of the U.S. Workforce**

**Three** main changes...open our eyes!

1. Familiarity with technology and data analysis
  - **They don't fear the Internet.** There is data at their fingertips and know how to find it. What's that mean? **New is now. Don't fear new.** In sales, where performance depends on skillful interpretation of existing data sets, this makes millennials indispensable. They can train **us**! iPhone launched in 2007! Millennials grew up with Internet, cellphones, WiFi, and now instant anything.
2. Independent mindsets
  - **Strength** - Millennials [demand social justice and social responsibility from corporations](#), and are willing to pursue new ideas than follow traditional models. Embrace change!
3. Flexibility in communication
  - [73% of millennials prefer email as primary mode of communication](#), compared to phone calls or in-person meetings, due to speed, trackability, and ability to grant users forethought when speaking.

...Businesses have to adopt new practices to connect or we will lose! Are we ready to accept the opportunity?



# Millennial Mindsets

- Frequent technological change is a simple fact of life
- Used to living in unpredictable conditions (Recession, terrorism, fear of climate change), sharing all aspects of their lives online, and having the world at their fingertips.
- They see the world as a small, highly connected ecosystem! They want to trust brands and will share data (more than any generation), but want to be rewarded with personalized service.
- Community isn't localized (city, state, etc.) It's about the connected community (Facebook, LinkedIn) and shared interests. That's where they go to choose products!
- Banking & Payment methods - they'll change these for better "experiences", not face-to-face connections! **New & emerging will win!**
- Millennials are looking far beyond checks and traditional electronic methods





# Millennial Mindsets continued

- Checks and traditional electronic methods such as cards and ACH transactions - overlooked. **Over 50% are already using or considering non-traditional payment methods. 2x as likely as those over 35 to use mobile payment applications, and 21% have never even used a paper check to pay a bill.**
- 18-24 yr olds spend an average of 5.2 hrs/day on their smartphones.
- For millennials and Generation Z, payment is just one element of a larger, more holistic goal like buying coffee at Starbucks, paying fare for a ride-sharing service like Uber, or making the monthly car payment. These next-generation customers expect to embed their bank into everyday purchase flows; how the money actually moves is irrelevant. **They believe transactions should occur automatically and in real time, as part of the larger digital commerce universe.**
- Think about the race to payments – Android Wallet, Google, Samsung, Apple.....

# So... Cash is dying and Cashless is **Key!**

Benefit for us? Yes - Cash is expensive

- Counters (machine)
- Security truck to pick up cash isn't free
- Theft - from employees and non-employees
- Bank fees
- Insurance
- Machine damage...stolen truck?
- Coin and bill repair and complaint calls - 70%+ of costs of management of equipment - **Ouch!!!**
- Adding Cashless = **Reduces** costs! Not just added sales!
- Mobile apps are a solution to higher costs!



# Cashless World?

- American adults under age 35 “hate” cash so much that 51 percent of them will use plastic, even for purchases amounting to less than \$5.
- 62% of Americans surveyed in a June 2016 Gallup poll predicting a cashless society in their lifetime, most agree cash is going the way of the dinosaur.
- 28% of Americans ages 18 to 49 say that they make none of their purchases using cash in a typical week, compared with 20% of those ages 50 and older.
- Americans under the age of 50 say that they don’t really worry about having cash on hand due to the range of other payment options available to them: 45% of 18- to 49-year-olds, compared with 31% of those 50 and older
- Today most VENDING does NOT connect to the “mass market” (err...Millennials) with 80% requiring CASH & COIN.
- Millennials LOVE vending. Outsiders are coming into vending to fill that gap - Best Buy, ULTA, Proactive and other new entries into vending.



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# Millennial TRUE Story

THIS Week....

I was sitting at a bar writing THIS presentation. The bartender (32) asked me what I was writing about – “Millennials”. He said, “I’m a Millennial....”

After talking to him and sharing some notes (i.e. testing my study).....he shared a story about his sister (24). Her beats headset wasn’t working, so she needed a new headset. Beat headsets are \$200. He told her that he’d take her to Best Buy for a new set. She told him to take her to the airport instead, same distance. He took her. She ran in and came out with a new Beats headset. She would rather go the vending machines at the airport then to Best Buy to avoid people and make it “quick and easy”. \$200 in a vending machines!!!



# Can I piece it together?

Yes. Millennials are the heroes of vending

- Force positive change with technology (i.e. remove our disrepair)
  - VMS – connectivity
  - Cashless - connectivity
- Loyal to the **NEW** and exciting...
- **Love** vending (cannot say that enough)
- Want vending to be a fun and rewarding *experience*
- Cash is dying and it's a cost with decreasing value
- Millennials don't use cash!
- Technology is **Good**. Embrace the push!



# Ok so what do Millennials need?

- Connectivity to brands...**YES, Your business** is a brand, not just the products
- Connectivity to ease of payment (i.e. not cash)
- Connectivity to their preferred purchasing location(s)
- Want to KNOW that Mr. Vending Guy is **green(er)**, which you **are** with technology
- Experiences
  - Loyalty & Rewards
  - Gamification
  - Expectations/Satisfaction
  - Variety, Adaptability, Flexibility





Bear with me. This is NOT a commercial. This is an agnostic solution. We decided to partner with our competitors for the good of the industry!

How to re-  $v\bar{i}v$  vending



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# How to re-viv vending



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Instant Mobile  
Transactions at Machines

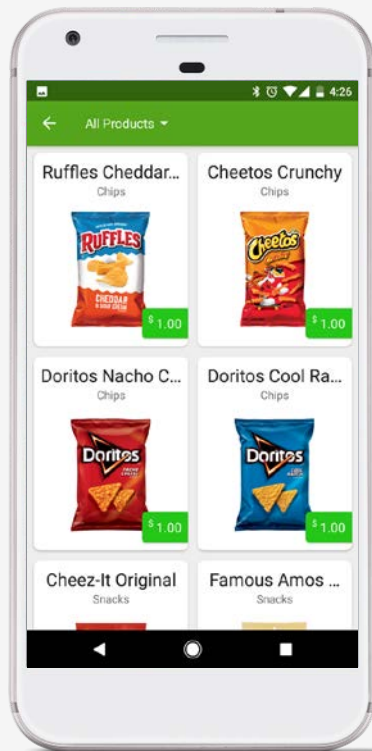
Touchless  
Purchasing

E-commerce  
in Real Life

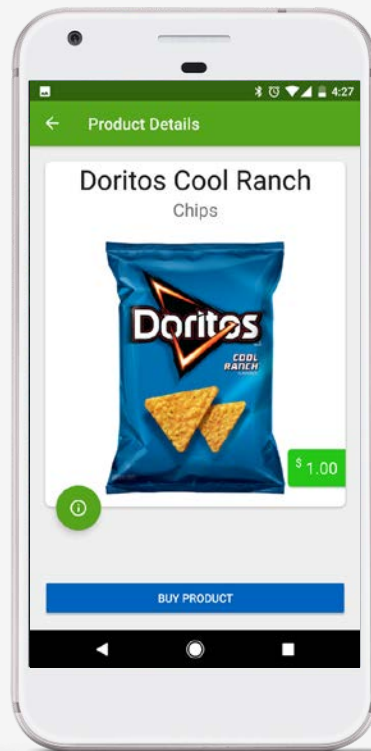
Linking Buyer, Sellers,  
& Makers of Goods



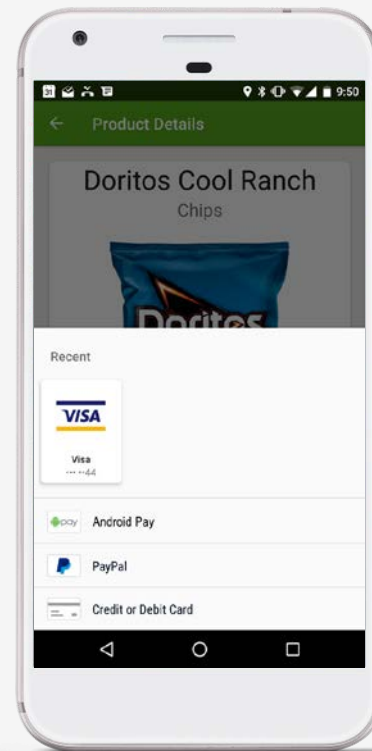
Scroll Menu



View Details



Choose Payment





download

download the vīv app

connect

open vīv & connect to a machine

choose

scroll through the product menu

learn

view nutrition, loyalty & promo info

pay

select AmEx, VISA, MC, Discover,  
PayPal, ApplePay, AndroidPay or Bitcoin

**vīv it!**

press the vīv it button & the product  
drops without touching the machine

**No stored value -  
Millennials hate stored value**

**No hardware purchase**

**Touchless vending** experience

Flexible payment options

Instant data transfer to VMS

5.95% cashless transaction rate

49% of consumers at **vīv** locations  
use mobile to pay

# The Offering

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mobile. vending. operations.

VTV

cantaloupe  
S Y S T E M S

Google

AMS  
anything • anytime • anywhere

CRANE<sup>®</sup>

USA  
TECHNOLOGIES

Cashless, hardware, telemetry,  
VMS

Vagabond Insight hardware

Choose your VMS

Choose your machine

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# Millennials ARE the Heroes of the Vending Industry

- Millennials are our clients today. They are an awesome opportunity to kill our “disrepair” and upgrade to profitability.
- We need to adapt to our clients in order to continue to win in business. Millennials are going to be 46% of employees by 2020.
- Technology is our friend and a **REAL** friend of Millennials.
  - VMS = great profitability
  - **viv** is a tool for **all** operators to connect with Millennials.
- Embrace both for a winning business...

.... and a growing future!