



Cash Recycling Saves Vending Operator Nearly 30% Each Week in Dollar Coin Inventory

West Coast Vending had a problem: dollar coins were cutting into profits. Each week, the operator was buying thousands of dollar coins to stock its machines so customers could use large bills to purchase items without receiving quarters as change. West Coast had expected to receive a percentage of these coins back when customers used them for other purchases. But that wasn't happening.

"Given that our machines are in locations where we typically get repeat customers, we expected they would use those dollar coins for their next purchase," said an exasperated Matt Bauer, vice president of West Coast Vending, a full-line operator with machines throughout the San Francisco Bay area. Instead, only 14 percent of them were being re-used each week.

This was a huge productivity drain on the company, as it required frequent trips to the bank and took time for drivers to regularly re-fill the coin tubes. It also had real effects on the company's finances, because the money was sitting in machines rather than gaining interest in the bank.

West Coast had been searching for a way to combat this costly problem when its preferred payment system vendor presented a potential solution: cash recycling technology. Today's cash recyclers let consumers pay with higher bill denominations and receive change in bills rather than dollar coins. A recent field study conducted by MEI found that higher bill acceptance leads to a 15-20 percent increase in overall vending machine sales.

West Coast Vending trialed cash recycling by equipping five of their machines with an MEI CASHFLOW® VNR bill recycler as a modular add-on to their existing bill validators. They tracked the machines closely for two months to determine the effects.



"We saw savings benefits almost immediately," said Bauer. "Cash recycling reduced the time required by drivers to restock the dollar coin tubes by 66 percent, and allowed us to eliminate half of our dollar coin tubes in each machine... a huge savings for us." West Coast also discovered that their customers' purchase behaviors kept the recyclers full of \$1 bills, freeing up valuable capital.

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— Matt Bauer, West Coast Vending

As an added bonus, West Coast Vending experienced, on average, a 10 percent sales lift per machine, with some as high as 15 percent. "This wasn't our main goal, but it was a pleasant surprise," said Bauer. Letting consumers pay with higher denomination bills and receive change in bills was the biggest driver for the sales increase.

Bauer says that the investment paid for itself in less than six months – a full six months ahead of initial expectations. Since the initial trial, West Coast Vending has outfitted 10 machines with recyclers and plans to add 10 more in the coming months. Ultimately, the company expects to add at least two MEI cash recyclers to each bank of machines throughout all of its routes

"All vending operators should consider embracing this new technology," said Bauer. "For us, cash recycling has significantly increased productivity, boosted profits and positioned us for continued savings and growth."



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