


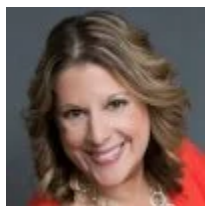
Running a Vending Machine Business

 [thepennyhoarder.com/make-money/side-gigs/vending-machine-business](https://www.thepennyhoarder.com/make-money/side-gigs/vending-machine-business)

February 4, 2021

see more from Make Money

Gumballs or Sodas, Earn Money on the Side With a Vending Machine Business



by Tiffani Sherman

Contributor

As we continue to make our way through COVID-19, many people are still looking for ways to get items they need without physical contact with another person.

Vending machines serve that purpose — and make money for the machine's owner.

Owning and operating vending machines is big business, providing passive income without any specialized skills. It's also called automatic merchandising.

Basically, all you need to get started is some startup money to buy a machine, a good location and the right products.

The Vending Machine Business During COVID-19

Revenue for the vending machine industry was \$24.2 billion in 2019, up 3% from the year before.

That data came from the Automatic Merchandiser's Annual State of the Industry Survey — before the full impact of COVID-19 hit.

There were 2,175,756 vending machines in service in 2019 in a variety of locations including:

- Manufacturing areas
- Offices
- Retail spaces

- Hotels/motels
- Schools
- Hospitals and nursing homes
- Universities/colleges
- Correctional facilities
- Military bases
- Restaurants, bars and clubs

Cold beverages were the top-selling product category. A majority of vending machines involve food and beverage products including sodas, coffee, snacks and candy.

There are also machines for bulk vending like gumballs, stickers, toys, novelties and more. During COVID-19, machines popped up selling masks and hand sanitizer.

At places like airports, vending machines often sell tech accessories and travel essentials like neck pillows, blankets and eye masks. Laundry rooms in residential buildings often have machines with detergent and fabric softener.

With many offices, businesses and other public spaces closed or restricted due to the coronavirus pandemic, the vending industry is certainly taking a hit.

“We’re in a tough, tough industry right now with COVID-19. A lot of stores don’t want the machines there, they don’t want the kids congregating, they don’t want people touching them,” said Scott Ausmus, director of manufacturing for National Entertainment Network, Inc. and president of the National Bulk Vendors Association.

He grew up in the vending business. The machines he sells and operates are the novelty kind, offering things like stuffed animals, toys and gumballs. Many are in restaurants and entertainment venues like bowling centers.

Many factors make owning a vending machine an attractive business venture.

The startup costs are relatively low, sometimes around \$2,000. The work is flexible and often doesn’t require much day-to-day involvement. The risk is comparatively low and there is growth potential.

“There’s a higher profit in the gumball than there is anything else,” Ausmus said. “The cost of goods is low on the gumballs and everybody likes gum, so everybody still purchases a gumball and so that is a winner for a lot of people.”

Starting a Vending Machine Business

While the startup costs are low and the income is often passive, owning vending machines is not without risk. You must be able to understand your own financial situation and how much you can afford to invest.

There is the cost of the machine, the cost of inventory, personnel to keep it stocked, maintenance and more.

The more perishable the product and the busier the area, the more of your time the machine will take.

“If (your machine location has) a big break room and a lot of employees, you would have to be there once a day to fill your machines up because that’s how busy they are,” Ausmus said. Other machines like toys and candy don’t require as much restocking.

One of the first steps in starting a vending machine business is finding your niche and deciding what to sell. That takes a bit of research and knowing who your customer is.

“You gotta buy the right product. If you buy the wrong product, it won’t move and you won’t make any money and you certainly don’t want to throw [product] away,” Ausmus said. “You’ve got to have the variety for people and find out which ones they want and that’s what you restock with, what sells.”

Vending machine businesses are scalable, meaning it’s possible to start small and expand. You don’t have to wait for payments because customers pay when they purchase an item.

Location, Location, Location

To put yourself in the best position to be profitable means finding the right location.

Places with lots of foot traffic are good. Before COVID-19, that meant schools and universities, malls, office parks, etc.

Think about where people need to wait. While waiting, they may get hungry or thirsty. Ausmus’ novelty machines need kids around.

“One of the hardest things to do is to locate a location,” he said.

Location can be about trial and error.

“It’s really not a bad risk to put it in a location and find out that it’s not making enough money. ... You can remove it and move it to the next one until you find that right location,” Ausmus said.

When looking for locations, be prepared to approach the owner or landlord with a business plan for the machine.

Also be prepared to:

- Pay a percentage of sales or other fee for having your machine in their location.
- Pay for the electricity the machine uses.
- Ensure the security of the machine. There is money inside a machine as well as inventory. Theft and vandalism are always possible.
- Research state and local laws and regulations.
- Pay sales tax on the revenue the machine generates.

Key Purchase: Your Vending Machine

Then you will need an actual vending machine. There are several types, and prices vary depending on what is in the machine, whether it needs refrigeration or heating, and the interactivity.

Buying directly from a manufacturer or supplier is one option, as is purchasing on a secondary market. Some companies also rent machines. Ausmus cautioned to make sure there are spare parts and support available for what you buy.

Machines range from about \$1,500 for a used or refurbished machine to several thousands for a new, high-end machine with many technical features.

Some machines have:

- **Remote monitoring software:** This helps keep track of how the machine is working and notifies the operator if something is wrong.
- **Low stock alerts:** Notify the operator when items need replacing.
- **Vending management systems (VMS):** Tracks sales and other data to help owners make better business decisions.

While owning vending machines does not require any special skills, it is a business.

You will need inventory and someone to keep the machine stocked and maintained. This may require a van or truck.

Perishables need to be stocked more often than other items. Learning some basic maintenance skills could keep you from having to hire someone if there is a problem with the machine.

Different types of machines have different capabilities. Some take only cash while others will process credit or debit cards. Some models have touch screens or voice capabilities.

“Make sure that you have your phone number on the machine, and that the store location knows your phone number,” said Ausmus. “If somebody didn’t get what they wanted, make sure the store can give them a refund and you pay the refund back to that store. Then get out

there as soon as you can to fix the machine so that you can continue to make money.”

Automatic merchandising isn't for everyone, but owning and operating a vending machine can be a good business. Being able to retrieve the money you make and restock your machines easily is the key.

“Then you only work probably three days a month, basically on the whole gig,” said Ausmus. “Three four days a month can make somebody a good little extra income.”

Tiffani Sherman is a Florida-based freelance reporter with more than 25 years of experience writing about finance, health, travel and other topics.
