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## VT VISITS BROOKLYN

# Customer Focus, Flexible Service, New Equipment, Innovation Help Champion Vending Grow (And Grow, And Grow) In Brooklyn

By EMILY J. JED

BROOKLYN, NY — Champion Vending has grown dramatically in its 12-year history, from a very modest start – one machine, serviced from the trunk of the founders' car – to the third largest vending company in New York City and a service provider of choice for the city's massive school system, the largest and most complex in the nation.

"I think one thing that propelled us ahead so quickly is that we didn't know the vending industry 20 or 30 years ago, like many longtime operators, so we don't have any old ways to be stuck in; we're open minded," said the company's co-owner, William Mandile. "I think that's been a key to our success and growth.

"A lot of operators who have been in the business for a long time don't want to try anything new," Mandile pointed out. "We bring the newest and latest equipment and products to our customers. We think there's a big opportunity to change the image of

vending today. If a vending installation is done right, it can be better than a manual cafeteria, but it's up to the operator to always be open to new ideas. Innovation is changing the face of vending, and I think we're just scraping the surface with technology. This is a great time to be in vending."

The company's origin dates back to 1990, when Mandile worked for Metro North Railroad and his cousin, Mike DeMartino, was in the construction field. Both were in search of an opportunity to earn extra income. They attended a show at New York City's Jacob K. Javits Convention Center showcasing entrepreneurial opportunities.

"We saw bulk peanut vending machines to place in car washes, and it seemed like a good idea. Since it was a side job, it had to be something that could run itself, like vending machines," said Mandile. "Then we saw 'Gatorade' machines – \$12,000 for five machines and five locations. We thought it sounded great; we could come up with \$6,000 each. The show was on Saturday and Sunday, and we set up a meeting

with the guys for Monday."

Mandile and DeMartino decided it would be wise to contact "Gatorade" supplier Quaker Oats directly, first thing Monday morning, to make sure the business opportunity they were pursuing was legitimate.

"I contacted the head of 'Gatorade' vending, Butch Belt, and he didn't know of any such program sponsored by 'Gatorade'," recalled Mandile. "We met the guys and it was clearly a scam. We called Butch to thank him, and he asked whether we wanted to do vending for 'Gatorade', not realizing that we had never done vending. We figured sure, how hard can it be? We said: 'You give us the machine, we'll place it.'"

The novice operators found the task more challenging than they had anticipated, and were met with demands for extremely high commissions. They eventually found a home for that first machine at a Brooklyn tennis club. "We serviced that first machine from the trunk of my Chevy 'Lumina', and Champion Vending was born," recalled Mandile.



**LEADING THE WAY:** William Mandile (left) and Mike DeMartino founded Champion Vending 12 years ago in Brooklyn to supplement their incomes, and have since built the thriving full-line operation into one of the largest vending companies in the greater New York City market.

Mandile and DeMartino then approached Brooklyn's Mark Twain Junior High School with the hope of placing a second "Gatorade" vending machine. "We arranged a meeting with the student council and we were so excited. When we arrived, there were two 12-year-old girls and a 12-year-old boy; not an adult in the room!" recalled Mandile. "A week later, one of the girls called to tell us the principal said it was OK for us to put the machine in. At that time, vending in schools was not big. Now we're in 180 schools in New York City. 'Gatorade' made big inroads in the schools from the very beginning."

Within six months, the operators placed 10 vending machines. Before long, they received a call from a representative at Welch's who wanted to boost the juice brand's presence in the New York City schools, and offered them five machines free if they purchased five.

"Out of our first 20 Welch's machines, we paid for those first five; we strengthened our foothold in schools, as well as with Welch's," said DeMartino.

**IT'S ACADEMIC**

Champion Vending enhanced the Welch's program in schools by creating an annual scholarship, the Principal Award, which Welch's agreed to sponsor; it has been extremely successful. Each school's principal selects the criteria for the scholarship, and the student who best meets them receives a \$500 savings bond.

Within a year and a half of Champion launching the Welch's program, a representative from Snapple Beverage contacted Champion Vending. "Because it originated in New York and had been widely advertised here, 'Snapple' was very popular, and we knew it would be big in schools. And Snapple knew we had a good reputation in that market," said Mandile. "No vending company in New York deals with the school system like we do; 175,000 students a day use our machines. We've become a name the decision-makers know, and one principal tells another. The schools appreciate that we go to bat for them when it comes to getting them the most from the bottlers, and we give them exactly what they want as far as snacks and non-carbonated beverages, and service. We're on a first-name basis with 180 principals."

He added that the company works closely with Answer Vending and C&C Vending, both prominent New York City vending companies, to optimize opportunities with the city's schools for all three companies. "We're the top three vending companies in New York, and we cover 350 schools combined," said Mandile. "When PepsiCola and Tropicana want to tailor their program to the New York City schools, we can give the bottler 350 schools as a team. We bring the program to the school; the school knows us and trusts



**STEADY GROWTH:** Chris Ellassad (above), Champion Vending's director of sales, has helped the company grow at a rate of 20% annually by selling new accounts on the company's professional and personalized approach and state-of-the-art equipment. At left, operations manager Brian Bengtson oversees Champion's seven routes, keeping close tabs on collections, while Pat Majorana manages bookkeeping, payroll, accounts receivable and accounts payable tasks.

and values our service. Why would the bottlers work against us when we can promote their non-carbonated beverages, as a team, in so many schools? We also benefit by buying a lot of our machines as a group with the other vending companies."

He added that Champion Vending has a very strong relationship with its suppliers and bottlers, especially with PepsiCo, and

that they work in concert to win contracts with schools. "We provide the non-carbonated beverages, and they listen to our input," said Mandile. "They'll put scoreboards in the school, if they have to; and they don't hold the school hostage in return."

**NEW WORLD CHALLENGES**

With increasing concern over childhood



**TEAMWORK:** Paul Argentine (left) and Giacomo Incannila comprise one of Champion Vending's seven two-driver route teams. By having two route drivers in each truck, Champion ensures that high-volume school locations, parks and metropolitan workplaces receive fast, consistent, top-of-the-line service.

obesity drawing media attention and provoking discussion in the educational and political arenas, the New York City school system has become increasingly strict in specifying what can be sold through vending machines, and is reexamining its list of name-brand products for compliance with its nutritional standards.

"As far as snacks, the list includes things like oatmeal cookies, corn chips, pretzels, 'Sun Chips.' The 'Frito-Lay' line is also in compliance with the standards," Mandile reported. For the past seven years, Champion's school vending planogram has excluded chocolate.

The vending company's name-brand, exclusively non-carbonated beverage line-up in schools includes "Gatorade" isotonic, "Snapple" fruit drinks, "Aquafina" bottled water and "Tropicana" and "Florida's Naturals" juices and juice drinks.

Most recently, the company began offering "Capri Sun" juice drink pouches in schools, which vend for an economical 60¢, filling a niche with younger kids at elementary schools as well as at nursery schools. Champion is currently testing a dedicated, branded "Capri Sun" vender for Kraft. The machine is produced by Jofemar in Spain.

Beyond schools, Champion Vending has established a prominent presence in a wide range of sites throughout New York City's five boroughs and Long Island's Nassau County. The company has the vending contract at Jones Beach State Park, where 50 machines serve some 12 million people during the summer months. The Metropolitan Transportation Authority is another large Champion customer. The vending operation also serves corporate sites of all sizes in Manhattan's skyscrapers.

"Business and industry locations with 100 people are a piece of cake when you're used to Jones Beach, and a school where you have 4,000 kids," said DeMartino. "There are two parts of the puzzle, schools on the one hand and business and industry on the other. We accommodate the special demands of both. And there are products and programs that we learn in schools that we bring to B&I, and vice versa."

Champion Vending's early experience in vending non-carbonated alternative beverages in the school market has helped the company develop a thriving program in business and industry sites, where isotonic, "Snapple" products, "Lipton Brisk" tea and bottled waters are in high demand, and vitamin-enhanced waters command as much as \$2.50 to \$3 a bottle.

Similarly, the vending operation began its large single-serve snack program in B&I accounts, and has since made inroads with LSS packaging in schools.

Mandile added that although the product volume demands are much greater in schools, the demand for variety is dramatically higher in business and industry. "In

a school, you might have five snack selections one day and five different ones the next. It's not like a workplace; 4,000 kids can be happy with five products, as long as they're different each day! In a business and industry account, you have to offer a whole lot more variety every day to please the customer base and optimize sales."

#### DEX IMPLEMENTATIONS

The company determines the best product mix for each location with the help of Rutherford & Associates software (now

Regular surveys are another important element in tailoring machine load plans to location preferences. "We planogram location by location. We don't force-feed them a rigid menu; we have each location check off what it wants," said Mandile. "But at an account like Jones Beach, we rely a lot on our software, and we try new products constantly to make sure the machines empty out evenly."

This willingness and ability to conform the product mix to the desires of the clientele has been a business-builder for the

## CHAMPION VENDING OFFERS FLEXIBILITY, PRODUCT VARIETY TO ITS INSTITUTIONAL AND BUSINESS CLIENTS

available through MEI), which it implemented last year. "It tells us what turns," said DeMartino. "It's an excellent tool; it saves us time and makes us more money."

Three of Champion Vending's routes presently are run with handheld computers, used for inventory control functions and retrieving item-level machine sales data by DEX upload. "We know how much of each product sold, and how much money each machine made," said DeMartino. "We upload it from the machine, and at the end of each day, we load it up to the office computer from each handheld. It took a lot of time to get this system in order, but it was worth it for the time we save. We can tell the drivers if we see a product is not moving. You can go to the Empire State Building, park, and make only one trip up, because you've used a pick list to pre-pack your route order. And it optimizes the route."

Champion Vending has seven routes in all, and estimates that it will take about a year to complete upgrading all of them to uniform compliance with the Vending Industry Data Transfer Standard (universally called DEX), and thus for total automation of information retrieval.

In addition to the management software's valued role in creating a winning product mix, Champion's drivers provide regular input into the planogramming process. "They are our direct line to the customer. They interact with people, ask for their input, and change the product selection until they know what works, even if it doesn't agree with the computer's suggestions," said DeMartino.

company. Champion Vending has secured contracts with yeshivas, Jewish community centers, day camps and summer camps throughout the greater New York metropolitan area by offering a well-rounded kosher vending program.

Mandile told VT that Champion Vending's drivers are focused on delivering the utmost in customer service, tailored to each account's specific needs, and their motivation is not driven by a commission-based salary. "It's unusual in the industry nowadays, but they're not paid commission; just trained to do the job well. It's the only way they know how. They're paid well and it works," said DeMartino.

The vending operation policy is never to hire a driver who had experience with another vending company. "We want bright, young, fresh people whom we can train the way we want to train them; we don't want to undo the way they did things before. Our route drivers are phenomenal," said Mandile.

Also unusual, though less unusual in New York City than elsewhere, is the company's field service structure. Champion Vending runs its routes with two people in each truck, to ensure every location gets proper attention. "This way, the driver does not have to rush and the machines are always cleaned, full and serviced," said DeMartino. "One school route can have 150 cases of noncarbonated beverages and 30 to 40 cases of snacks. We don't see that as a job for one person. Also, in Manhattan, it helps to have one driver to wait in the truck, to eliminate the hassle and expense of parking."

Operations manager Brian Bengtson oversees two route managers who spend their workdays in the field, randomly checking on locations to ensure customer satisfaction.

**CUSTOMER COMMUNICATIONS**

The vending company makes possible the highest level of customer service by installing new equipment and being as accessible as possible to its customers. To encourage patron communication, Champion posts its Web address and toll-free phone number on all machines.

Champion Vending launched its website, [championvendingusa.com](http://championvendingusa.com), in August. The company's Internet presence was designed primarily for customer communication and, according to Mandile, it's an excellent source for feedback. In school locations, students visit the site frequently to submit product requests.

"And it's a great sales tool for prospective corporate business," he added. "When we're selling our service, we tell them to log on and it shows them what the machines look like, it lets them see a product menu. We constantly update the site with new merchandise and equipment.

"Our current customers also love the site," Mandile told VT. "The location contact can log onto our website and pick a machine menu. If there's a service issue with a machine, the patron can leave the machine number and describe the problem, and we'll address it by the next business day. We guarantee a 12-hour repair time. And if a customer loses money, we'll send them a check for \$1, with no ques-

tions asked," he said.

Mandile explained that 90% of the company's machines are equipped with the new (and very valuable) positive delivery feature that is becoming an industry standard, so it's rare for a customer to lose money. Champion Vending deploys snack machines from Automatic Products international and Crane National Venders, which have proven extremely reliable throughout the years.

"We have 700 machines, and we don't get many calls for refunds; we use good, new equipment. In a lot of the high-end ac-

the program.

Mandile added that KRh Thermal Systems' "Hot Choice" food vender, which delivers a variety of ready-to-eat hot meals in minutes, meets a real need in "24/7" locations such as hospitals and college dormitories; and Champion has been expanding its "Hot Choice" program at a rapid pace.

"We have always steered clear of fresh food vending, because I think New Yorkers are too sophisticated for it," Mandile pointed out. "Most people in our market don't trust refrigerated food machines, and

## CHAMPION STRESSES AGILITY IN SEEKING LARGER ACCOUNTS

counts we service, including schools, it's common to see new equipment; customers have come to expect it," said DeMartino.

Not only is providing new, currently popular models of beverage and snack equipment a necessity, but Champion is always in the market for unique specialty venders that fill new niches.

One of these is Masterfoods' "M&M" refrigerated candy vender. "At Jones Beach, making chocolate available all summer long is a great sales-builder. People love it," said Mandile.

The company has also started rolling out PepsiCo Food Service's new dedicated "Doritos" machine, manufactured by Fastcorp, and has had a warm reception to

they have so many other options in the city.

"But 'Hot Choice' is an excellent alternative," he told VT. "New York is the pizza capital of the world, with the best pizza on every corner; and 'Hot Choice' pizzas do very well," said Mandile.

DeMartino added that one hospital recently eliminated its cafeteria due to budget cuts, and the "Hot Choice" machine, along with a Vendtronics frozen food machine stocked with single-serving entrees and ice cream, provided an ideal solution. "Vending gives them a new option, and also provides much-needed revenue," he noted.

Ice cream is a growing category for the vending company, and the operators have seen a significant rise in demand from both school and B&I accounts. "At first, we had one driver who made deliveries twice a week. Now we have a truck delivering ice cream twice a day," Mandile told VT. The company has 40 ice cream machines in schools, and 22 more in business and industry accounts. It uses equipment from from Fastcorp and Vendtronics.

The company has yet to experiment with milk vending because it has not yet encountered a demand for this kind of program. "We haven't had a school ask for it yet, but we'd consider it," Mandile said. "In the past, with just chocolate and regular milk, it was a question whether kids would really buy it. But now with flavors like strawberry and cappuccino, and new packaging, it's more attractive to drink." Adding a milk vending program would require the company to add another refrigerated truck, he pointed out; and it might cut into sales of other cold beverages.

Office coffee service is an area that Champion Vending has chosen not pursue. "If a customer wants, we'll give them a countertop 'Brio' or a full-size 'Nescafé' vending machine, rather than getting involved with brewers, pumps, canisters of sugar, cups, and so on, which people tend to



**BRANDS SELL:** William Mandile (right) and Chris Elasad check out striking "M&M's" refrigerated confection vender and "Gatorade" and "Tropicana Twisters" beverage machines in Champion warehouse. The company has built its business by offering premium branded products through new, high-impact equipment.

steal," said Mandile. "If a client really wants traditional OCS, we'll hand that part of the business over to a specialist company."

By sticking with what it knows best, Champion Vending has grown steadily, at an annual rate of 20%.

"All of our growth has been internal; we went out and got every account," said Mandile. "We have no plans to acquire anyone to get bigger. We will grow based on the performance our customers see, and their word of mouth. It's all based on our slogan: 'Delivering excellence, one vend at a time.'"

Chris El Assad heads up the sales efforts for Champion Vending and works closely with the founders to make sure they never miss an opportunity. One such example was a recent meeting of the New York City school system's council of supervisors. "Everyone is there who has a say from 1,100 schools, and it's a great opportunity for us to keep them aware of our new programs and equipment," said Mandile.

The company recently began aggres-

sively pursuing a new tier of larger corporate accounts, going head to head with large regional and national operations. Mandile and DeMartino report that they have been extremely successful, because they can match any equipment and products offered by the larger companies, while surpassing their competitors with more personalized service.

"So many independent vending operators run their businesses like a side gig, and they don't do it the right way," noted DeMartino. "We've always run ours professionally, and that's especially critical when you're up against the largest full-line operating companies like All Seasons and Canteen Vending."

The difference between Champion and a multi-branch competitor is that the regional and national companies must follow policies in order to maintain control and accountability across a wide geographic region and a diverse management team. Thus, DeMartino instanced, "They may do a pro forma that tells them to ser-

vice an account once a week. We go week by week, and we service each location as we see the need. If we have to go more often, we can do it right away; customers value that relationship."

"No matter how big we grow, we run the business like we're back in the garage, to keep our focus on the customer," added Mandile. "We're customer service nuts. Our goal is that the machines have to be clean and working 100% of the time. We never want to lower our standards. If a prospective account is out of our area, we'll recommend another vendor if we can't guarantee our service standards. Mike and I give our home numbers to our accounts; we care about our customers, and we go the extra mile." ■



**SCHOOL SPECIALISTS:** New York City schools have played a major role in growth of Champion Vending (Brooklyn, NY) since its formation in 1990. Here, education sales director Chris El Assad (right) and corporate sales director Peter Loftus look over machines in High School for Health Professions in Manhattan. Branded non-carb cold drinks, ice cream and snacks that meet dietary guidelines are popular in schools, Champion reports.

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