

VENDING TIMES

reprinted from:

the Newsmoonthly of Vending, Foodservice, Coffee Service and Coin-Operated Recreational Services

Vol. 46, No. 9 • September 2006

■ QUESTIONS AND ANSWERS

Beaver's Josef Schwarzli Discusses Bulk's Modest Past, Bright Future

NEW MARKET, ON, Canada — As of 2006, bulk vending legend Josef Schwarzli of Beaver Machine Corp. has worked in the industry for 50 years. During the past half century, he has seen bulk vending progress from single-head penny gumball machines, placed outside small grocery stores, to large multi-head machines in shopping malls and other upscale locations. VT recently sat down with Schwarzli to discuss the changes he has witnessed in bulk vending equipment over the years, and what he sees for the future of the industry.

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VT: How did you get into the industry, and what were bulk venders and operators like when you entered the field?

SCHWARZLI: I originally got involved in the business in 1956, working for a large operator; I went on my own in 1963. In those days, the small machine was the king, and even though you had nickel and dime machines – the king was the penny machine. The operators were fighting each other for locations much as they do today, and as far as the machines are concerned, the outside appearance was very much like you see today. But the machines weren't in as good repair or appearance as they are now. They were usually painted red, and when you saw them on locations the paint was scuffed or scratched. The locations were ma and pa stores, corner grocery stores. Those machines would have been found on the counter, or on a small cast iron stand. Overall, the machines really did not look very impressive – and they broke often because of the glass globes. While the rotary coin mechanism had already been introduced, the accuracy wasn't there. So you got a lot of slugs. Overall, while the machines looked similar, the mechanisms didn't come close to what's available now.

So the bulk venders simply weren't as good?

To compare would be a bit unfair to those older machines. They did the job and were the forerunner of what we do now, but they couldn't compare to what we do now. Today's machines have a lot of eye appeal. They are more reliable, more versatile – meaning they can dispense different types of product. And, they're much less prone to manipulation of coin mechanisms. They are almost theft proof, but we're still working on it.

What internal changes have benefited the industry in terms of design or materials?

Today's machines function smoothly, and they have better and more expensive mechanisms. They'll take a larger range of merchandise. The wheels and brush housings today are – in many cases – plastic or polycarbonate. And on the brush housings are stainless steel springs that act

as brushes, so there is very little corrosion. Back then, corrosion was a big factor – particularly if you had salty products, such as nuts. The bodies of the machines have also changed. They are now either a solid-color polycarbonate or other plastic, or high-grade casting. And instead of using old type spray paint, they use powder coating, which outlasts the old way ten-to-one. That gives you a machine that looks cleaner for a much, much longer period. But the biggest improvements were done on the coin mechanisms. They are now almost totally tamper proof, and can give an accurate account of vends with an integrated electronic counter.

How has the rising cost of merchandise through the years benefited the industry in terms of machine design?

Higher priced merchandise demands a higher priced environment. This environment is found in a clean and modern location, meaning a shopping mall or chain store. This type of location demands an eye-appealing, reliable and trouble-free vending machine that will add to the overall appearance of a location. And, last but not least, it should be serviced by a friendly, clean-cut service person. This scenario encourages the machine designers and manufacturers to create new and aesthetically pleasing vending machines. It becomes a win-win situation, in which usually the operator wins most of the benefits.

Bulk vending machines have gone into shopping malls, upscale retail stores and other venues that were closed to the venders just a few years ago. A lot of this movement, of course, is due to design changes in machines, including globe extensions and rack configurations. So, what came first, the changes in the machine design, or the entrance into shopping malls?

Without design changes of vending machines and stands in the last 25 years, the upscale locations would have remained off-limits to our whole industry.

Judging from your sales of machines with 75¢ and dollar coin mechs, as well as retrofits of the higher priced coin mechs, how aggressive is the industry in moving to a higher price point?

The move to higher-priced toys was successfully accomplished years ago in Canada and Europe. In the U.S., it remains a problem – in spite of all of the effort and thousands of dollars spent on lobbyists to correct this scenario through a dollar coin. Higher-priced merchandise is available wherever higher-value coinage is in circulation. In Canada, we sell \$1, \$2, \$3 and \$4 coin mechanisms because of the \$1 and \$2 coins. In Europe, we sell coin mechanisms for up to eight euros, which is almost \$10. It is a forgone conclusion

that the U.S. vending industry would do very well if \$1 or \$2 coins were in circulation, and the paper dollar bill withdrawn.

You designed the Meridian several years ago for specialized locations. Do you see more specialized machines like the Meridian coming to market in the next several years?

If operators in our industry keep supporting the manufacturing sector, the industry will come up with the new equipment needed. If they do not, the industry may or may not be able to do it.

What do you see as the future of bulk vending in the next several years, as far as machine design goes? Do you see increased price points – such as the move to the dollar vend – having an impact on machine design and where those machines can be placed?

There is always room for innovation and new products. However, if the coin problem in the U.S. should be solved, the industry would leap forward. If the status quo remains, then the small one and two machine locations may stagnate, or maybe even disappear. To make machines that accept more than four quarters is impractical for obvious reasons. And to place a \$400 or \$600 bill acceptor into a \$100 location is impossible. I see the future going to the \$1 to \$5 level, which means that only large locations with bill or credit card acceptors will do well.



JOSEF SCHWARZLI
circa 1963



ON THE FACTORY FLOOR: Josef Schwarzli stands in front of control panel of Beaver Machine's computer-driven milling machine. Schwarzli, one of bulk vending's top machine designers and engineers, founded Beaver as Machine-O-Matic in 1963. The company started as an aluminum- and zinc-casting manufacturer, producing replacement parts for bulk venders.

Published SEPTEMBER 2006 © Copyright 2006 Vending Times Inc.

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