



# Dispensing Delight

Vending machines help create unique customer experiences

by KAREN M. KROLL

Say the word “vending machine,” and many consumers picture machines that dispense snacks and drinks. While these devices are in no danger of extinction, more sophisticated and intelligent vending technology that offers greater functionality is steadily taking center stage — and savvy retailers are capitalizing on this shift.

“In today’s evolving digital landscape, retailers are constantly searching for new ways to enhance the customer experience,” says Lori Mitchell-Keller, global general manager of consumer industries at SAP. “Brands are introducing smart vending machines that are connecting consumers more easily with desired products, optimizing the shopping experience and expanding consumer reach and accessibility.”

The new machines dispense a range of products, including electronics, personal care and beauty items, as well as

pharmaceutical supplies, Mitchell-Keller notes, in locations beyond bricks-and-mortar stores. A quick stroll through many airports, for instance, will reveal vending machines offering makeup, computer accessories and travel gear.

Earlier this year, visitors to the Brooklyn Museum could purchase select pieces from the Marla Aaron jewelry collection through a vending machine located outside the art museum’s gift shop. Marla Aaron, the woman behind the eponymous company, says the idea was sparked by vending machines selling high-end items she saw on a trip to Japan. “By the time I came home, I was plotting what it would take to build one,” she says.

A first step was developing a vending system that would allow customers to experience the brand. Because Marla Aaron isn’t an instantly recognizable brand, the machine would need

to immediately tell a story. It also would have to help customers become comfortable purchasing items of high value; Aaron’s pieces, all of which incorporate locks in different forms and metals, can run to the tens of thousands of dollars.

To that end, the machine’s façade features large, enticing images of Marla Aaron jewelry, as well as a video that tells the company’s story. Purchases are delivered in boxes of orange linen and pouches of purple suede. “We’re selling handmade objects,” Aaron says. “We wanted to give them to customers in an unexpected way.”

Customer reception has been good, Aaron says; since her company doesn’t have its own retail outlet, it needs to tell its story any way it can, and the vending machine helps accomplish that. “It’s been very gratifying and hard at the same time,” she says.

## RANGE OF USE CASES

In addition to selling a wider range of items from an ever-expanding universe of locations, the new generation of vending machines "offers a variety of use cases," says Elizabeth Klingseisen, senior director of demand generation marketing with IT service management company CompuCom. Retailers can use them to efficiently handle items purchased online for store pickup, protect high-value items vulnerable to theft, administer employee supplies and process returns.

"Self-serve automation is the broader trend" these machines enable, says Kent Savage, CEO of Apex Supply Chain Technologies. Apex recently worked with the Cincinnati Reds to develop an automated concession system at the team's ballpark; read more about the system at [STORES.org](https://www.stores.org).

One way this is occurring is with buy online, pick up in store. During the 2017 holiday season, nearly one-third of shoppers purchased products online and picked them up at stores, according to the 2017 Retail Click and Collect Consumer Preference Study by service and technology firm Bell and Howell. Respondents' top reasons for choosing BOPIS were to save on shipping charges and to get items the same day.

Vending machines can automate what's often been a manual, time-consuming process. Rather than stand in a customer service line, consumers can walk to vending machines serving as lockers or fulfillment stations and key in an identification code or scan their phone to collect their merchandise. "They enable a more efficient click-and-collect experience because stores and shoppers alike can complete their tasks on their own time," says Tim Barrett, senior retailing analyst with Euromonitor International.

Retailers can benefit as well. For starters, they can promote peripheral items that people didn't include during their online purchase, Klingseisen says. "It's a great way to expand the initial sale," she says. Indeed, 59 percent of respondents to the Bell and Howell report said they're likely to pick up additional items while they're in the store.

Vending technology also can help retailers safeguard smaller items that are prone to theft while keeping them quickly accessible for legitimate customers, says Michael Pitts, president of vending machine supplier IVM Inc. The current process often involves

hanging a tag on the shelf that the customer takes to the salesperson, who scans it and then radios another employee who retrieves the item. The process takes time and can tie up several employees.

Intelligent vending systems can streamline the process. Consumers can scan bar codes printed on their receipts to open a locker contained within the machine and retrieve the items they've purchased. "They don't have to wait for an employee to get it from the back," Pitts says.

Similarly, smart vending technology can play an important role with cigarettes, alcohol and other products for which retailers need to maintain a chain of custody, Klingseisen says. They can configure the software to efficiently record everyone who accesses the items.

## VENDING FOR SUPPLIES

Another use case involves using intelligent vending technology to efficiently help employees requisition supplies. Rather than initiate a manual purchase order process, an employee could swipe their identification badge to open a locker and retrieve the equipment they need, Pitts says.

To limit the potential for abuse, the machine's software can restrict access to certain groups of employees, as well as by time, quantity and other parameters, Pitts says. It also can be programmed to show which employee badge opened which locker, and when. When a machine is used to dispense tools that employees return at the end of their shift — say, tablets used by associates on the sales floor — the software can send alerts items aren't returned.

By connecting the software to the supplier's system, the supplier can track inventory levels in the machine and automatically refill items once quantities fall below established thresholds.

Retailers also can deploy intelligent vending technology to automate returns, Savage says. Many BOPIS orders already contain return authorizations; rather than wait in a line, customers could initiate a return, head to the store and place their items in a locker. The store would receive an alert, letting it know the item had been returned.

## RELIABLE DATA

While intelligent vending solutions show great promise, achieving their potential requires accurate, reliable inventory data and systems, Savage says. That's especially true when a retailer is using the technology to fill online orders from a vending machine at the store.

"The inventory must be accurate, so when customers come to the locker, it's there," he says. Given that many consumers turn to BOPIS when they're crunched for time, retailers who fail to deliver the goods they've promised risk losing customers.

Retailers using machines for BOPIS orders also will want to identify all information they need about the transaction and customer to appropriately serve them. For instance, a customer who uses a wheelchair will need to have the product placed within a machine so they can reach it. To ensure this happens, the retailer might include questions during the checkout process asking if the customer requires a certain product placement. >

Another consideration: Because vending machines eliminate the ability to try on items, some consumers may limit purchases to goods for which fit isn't a factor, or to repeat purchases of items they've bought in the past. "However, augmented reality will soon eliminate these drawbacks, 'up-leveling' the capabilities of vending machines relevant to apparel and beauty retailers," Mitchell-Keller says.

As retailers deploying intelligent vending technology work through these concerns, many should find they've enhanced the customer experience. "I think we'll see an explosion of this type of vending," Pitts says. He predicts that within the next decade, just about every consumer will walk into retail locations to access lockers or intelligent vending machines for BOPIS pickups, as well as to purchase other items.

That's in addition to the promise smart vending holds within back-office operations such as streamlining the purchasing of supplies. "The combination of locker and vending capabilities allows retailers to become omni-channel and solve various problems," Klingseisen says. [STORES](https://www.stores.org)

**Karen M. Kroll is a business writer based in Minnetonka, Minn.**