



VAPE VENDING IN BARS & NIGHTCLUBS

Facts and important information to consider as an owner of a potential venue for vape vending.

STATISTICS

Fueled by innovative new products and the desire of many Americans to quit smoking, electronic vape devices, or e-cigarettes usage has grown dramatically in popularity.

As of 2021, 5% of all Americans “vape”, estimated to grow in 2024 to 7-9%. The largest concentration of vape users are 18-29 @ 20%, followed by 30-64 @ 16.9%”

Important facts about vape and tobacco sales:

According to the Florida DBPR website, the State of Florida has issued 106 permits to sell vapes in Palm Beach County, 42 in Broward and 74 in Dade County. While these numbers likely indicate the numbers of some vape vending machines, it indicates mostly retail stores that sell Vapes and DO NOT sell tobacco products.

If you consider that up to 90% of Tobacco product sellers sells vapes, since that license allows vapes to be sold, the numbers balloon to 886, 1688 and 2540 licenses in these three counties, respectively.

Vapes are sold everywhere, retail, gas stations, convenience stores and even in mall kiosks.



CHALLENGES TO CONSUMERS

As vape use balloons, a cacophony of new companies are entering the market, some driven by the desire to bring the latest technology to market, while others are driven to beat out the

competition by offering the lowest priced products, which can potentially involve cutting corners on safety and quality, putting consumers at risk. Retailers often sell old inventory or expired products as well as counterfeit products in order to establish a low price point. This brings on one of the key benefits of a venue, utilizing a vape vending machine where the vending operator is partnered with an established distributor, as we will discuss in detail below.

WHY A VAPE VENDING PARTNER IS IMPORTANT

- Your vending partner will analyze your venue's demographics, and create a product mix, which is most likely to be successful. The product mix includes various price, points, nicotine percentages, product types , and flavors which are trending.
- They will change inventory regularly as trends change, replacing slow selling merchandise with more popular merchandise in order to maximize profits
- The vending operator will ensure that the products sold or authentic, current and legal
- They will manage your inventory in real time via a cloud backend in order to establish both a Vending replacement schedule as well as determining what products need to be changed or repriced.



HOW DOES A VENUE BENEFIT FROM A VAPE VENDING MACHINE?

- Monthly profits from product sales are typically paid as a percentage of gross revenues. Bear in mind that the operator absorbs many costs of each sale, including, but not limited to product, cost, transaction, processing fees, credit card, percentage, maintenance and replenish costs, and any federal or state taxes that are applicable.
- By far the most important benefit of a vape vending machine is customer retention. Just like a customer who runs out of cigarettes, will likely leave to purchase them, a customer whose vape device either goes out of charge, or empties, will likely leave to purchase another. Depending on the area, they may not be able to get one conveniently and are very likely to not come back to the venue. If you consider an average customer spend of \$60, if you retain five customers a night who purchase a vape device and stay at the premises that can result in \$150,000 a year in additional profits.
- Having a vape vending machine is very much like having a pool table or a jukebox, It is part of the venue having conveniences that benefit the customer. That can have a significant effect on both customer retention and customer, deciding where to go on a particular day or night.
- The venue can also generate profits by partnering with the Vending operator to provide retail direct sale at the venue during a special event or party.
- Having a vape vending machine in your bar can be a magnet for vape users, who may be more likely to frequent your establishment knowing they can easily access their preferred e-cigarette products, including electronic cigarettes and vaping products from e-cigarette vending machines.
- By catering to this growing demographic, you can potentially boost your overall patronage and increase revenue.
- Simply put, if one venue does not install this type of machine, your competitors will and garner business that could have stayed at their venue.



HOW THE RELATIONSHIP MATTERS BETWEEN THE VENDING OPERATOR AND THE DISTRIBUTOR

Vending operators are, of course, in the business of making money. This means that they are focused on buying their products at the best possible prices. As a result, many operators partner with the manufacturers, and become a direct importer in order to obtain the best price. This often results in a Vending operator having fewer available products. This can result in decreased sales while only increasing the operators profits.

You will see this phenomenon by visiting a Vending partners website, where they typically show the brands that they offer. Having only a few options available will be detrimental because those brands may quickly become passe. Then the vending operator who is a direct importer, will have a large stock of inventory that is essentially unsellable.

Our approach is completely different. We rely on our distributor to supply us with product, not the manufacturer or master distributor. This means a dramatically wider product range available for us to use in your machine.

While this means that our cost may be slightly higher, the flexibility of us tailoring the product mix more attractively, overall profits will increase. We are not married to any particular brand. Our focus is bringing the best products on the market into your venue in order to generate customer loyalty, and profits.

Of any industry, the vape industry transforms itself often on a weekly basis. A product which is hot one month could be dead the next and suddenly there is a new game changing product in town. Our partnership with a leading distributor gives us inside information about new products on the market as well as both product and flavor trends.

As we move in the future to software on the vending machines that can gather customer information in order to send them specials and new product announcements, we will be able to notify your customers who made purchases that's something new and exciting is available. We are the only Vending firm focused on building downstream sales by pushing people back into your venue when something is available that may interest them. In doing so, we will generate additional profit for the venue not just from the product purchase, but from additional monies that they spend while they are at your venue.

IN CONCLUSION

Our staff is very experienced in the Vending business, but is also extremely engaged in the service industry, having an amazing understanding of venues, as well as areas and patrons needs. We seek to use that experience in order to make the experience with us the most profitable and beneficial that it can be.