

Winning New Accounts

INTELLIGENT VENDING®

Real Challenges, Real Solutions.

*Credit/Debit Payment Systems Are
Winning Contracts and Wowing Customers*

Success Stories



Executive Summary

Market Situation:

- ▶ Operators in the vending industry are always looking for new ways to create a competitive advantage for themselves with existing and potential customers in bid situations.
- ▶ Because the advantages are clear, with customer service, convenience and operational excellence at the forefront, and because the technology has yet to saturate the marketplace, Intelligent Vending provides operators with the crucial point of differentiation needed to win and retain accounts in an increasingly more competitive market.

Before adding credit/debit	After adding credit/debit
<ul style="list-style-type: none">▶ A mid-sized operator is in a bid war against their largest local competitor for a large airport account in Utah.	<ul style="list-style-type: none">▶ The mid-sized operator won the airport account using cashless as his competitive advantage
<ul style="list-style-type: none">▶ USA Technologies' already had customers with airport accounts that were delivering \$6,000 a year in credit/debit transactions	<ul style="list-style-type: none">▶ The machines at this location log over \$5,600 a year in cashless transactions
<ul style="list-style-type: none">▶ The top performing vending accounts in the USALive® cashless system are machines with vend prices above \$1— The airport account already supported these higher price points	<ul style="list-style-type: none">▶ Consumers are less concerned with price when using credit/debit, making higher price points more widely accepted

Market Conditions

Credit and debit card vending works best where plastic is already the preferred payment method for consumers. There is no better example of that than airports, where everything from check-in to your cup of coffee is purchased using a credit or debit card. In addition to predisposed consumer acceptance of cashless payments, the market also supports high vend prices and sales volume that make vending machines in airports well suited to credit/debit payment systems. Given the optimal market conditions found in airports, winning an airport contract is a fiercely competitive process. The burden is on the operator to provide a value proposition to the airport that sets them apart from their peers.

Background

A mid-sized operator was entering into a bid for a large airport account in Utah and needed a way to create a competitive advantage and win the proposal from a much larger competitor.

USA Technologies was approached by the operator to offer credit/debit payment systems at the vending machines as part of their competitive bid. Because credit and debit cards are already the preferred method of payment for

goods and services within the travel channel, it was easy to recognize the benefits that would be realized by extending cashless capabilities to vending machines. The operator was able to excite the potential customer about this innovative new way to make purchases at vending machines, and create a value proposition for his business that went unmatched by the competition.

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Challenge

The bid process for a high-end account is particularly challenging: The stakes are high, the competition fierce and the customers expect more from their vending operator partners. The challenge becomes how to wow the customer, eliminate the competition and sustain a high profit margin in the process.

USA Technologies' Solution

USA Technologies' credit/debit payment system enabled the operator to offer an unprecedented level of service to the client at the airport, including:

- ▶ The ability to capitalize on credit and debit cards as the preferred method of payment in the travel and entertainment channel.
- ▶ The ability to increase revenue through the consumers' proven decreased sensitivity to price when paying with plastic.
- ▶ The ability to increase volume through a broader potential consumer base

- ▶ Protection from sales loss due to out-of-change conditions
- ▶ Assurance of a quick response to out-of-stock, out-of-change and other operational issues by utilizing the data available through the USALive® reporting system
- ▶ The potential of increased volume through the multi-vend phenomena – people who make purchases at vending machines using credit or debit cards are more likely to purchase multiple items per card swipe

Armed with the combined benefits unique to the USA Technologies' credit/debit payment system and the innovation behind it, this progressive, mid-sized operator was chosen to service this major airport account over other, larger competitors.

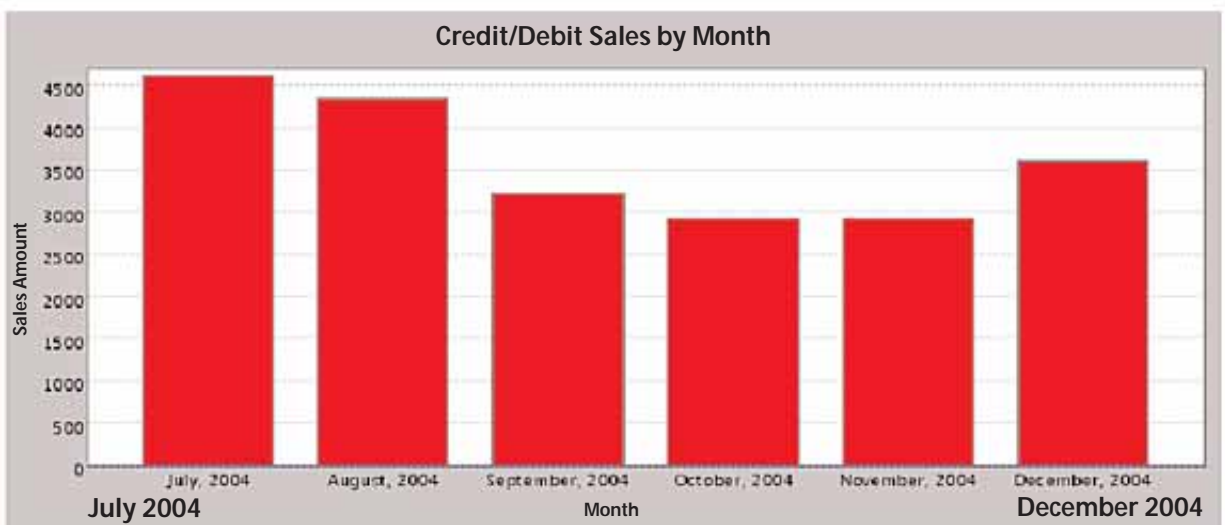
Implementation

USA Technologies e-Port® credit/debit card readers were installed on several machines in the airport, across several categories, including beverage, snacks and KRH pizza. Through the USALive® reporting engine included with the USA Technologies payment system, the operator was able to determine the machines most likely to enjoy the greatest benefits from credit and debit cards.

The events of 9/11 changed airports and air travel forever. Today travelers arrive at the airport early and rush to get through security quickly, only to find that, once they near their gate, they have plenty of time to spare. For this reason, vending machines located on the other side of security are by far the biggest revenue generators in the airport. This same equation also applies to rate of credit/debit card use per machine. Credit card readers were installed on just such machines to increase consumer acceptance and increase sales..

Results

1. A progressive, mid-sized operator won his bid for a major airport account in Utah against the largest vending operator in town.
2. Today their machines deliver over \$5,600 a year in cashless transactions alone.



Scalability

Based on the experiences of these customers we conclude that:

- ▶ Airports are ideal candidates for the addition of credit/debit card vending and good locations can be expected to return >\$5,000 a year in cashless transactions alone.
- ▶ e-Port® credit/debit payment and data management systems are a very effective use of technology innovation for competitive bidding.
- ▶ Machines located in the travel channel, where credit cards are already the preferred payment method are good candidates for credit/debit card systems, but locations and demographics should always be considered.
- ▶ Any accounts that supports vend prices over the one-dollar mark are good candidates for credit/debit card systems.
- ▶ Operators in the transportation, entertainment and hospitality channels see the value in technological innovation and what it brings to the operation and the consumer's experience.

For more information contact a USA Technologies Sales Representative at 800.633.0340 or visit us at www.usatech.com