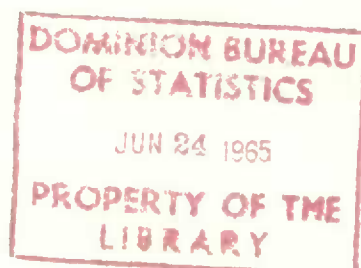


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VENDING MACHINE OPERATORS

1963

Introduction

This survey of operators of automatic merchandise vending machines is the sixth in a series of annual reports, the first of which was published by the Dominion Bureau of Statistics in 1959 (for the year 1958).

Definition

The distinctive characteristic of automatic vending is the completion of a sales transaction by the insertion of coins or bills into the machine. This transaction does not usually require the presence of a sales clerk or cashier.

For the purposes of this survey, a vending machine operator is defined as follows:

"an individual or firm who owns (or rents), locates, services and repairs (on own account or on a contract basis) automatic merchandise vending machines with the right vested in the individual or firm to withdraw the cash from these machines. The venders must be located on premises other than those of the "operator" except in the case of incorporated subsidiary firms whose function is to operate venders on the premises of the parent company".

This definition **excludes** the following types of vending machine operators: (a) firms who operate vending machine solely on premises where their main business activity takes place. For example, firms engaged in operating restaurants or canteens in a number of different locations in which they have installed a number of merchandise vending machines are excluded since the firms are operating these machines only on premises where their main business activity is taking place; (b) unincorporated divisions of companies which have been established for the prime purpose of operating concessions (including vending machines) solely on the premises of the parent company. If these unincorporated divisions, however, have installed merchandise vending machines in other locations as well, the firm comes within the definition of a "vending machine operator"; (c) firms engaged only in vending non-food

(except tobacco) i.e. pencils, ice, combs, etc., are excluded from the survey. Firms which sell food and/or tobacco as well as non-food items are included, even in those cases where the sales of non-food items represent a larger proportion of the total business.

As stated in previous reports, the reader is cautioned not to interpret the data in this report as a measure of total sales through merchandise vending machines. Numerous machines are operated by firms on their own business premises solely as a service to their customers or employees. The amount of sales through these vending machines is not included in this report.

Vending machine operators as defined for this and previous reports have been stratified into two classes (1) full-time operators—individuals or firms who are engaged in vending as their sole business activity and (2) part-time operators—individuals or firms for whom the operation of automatic merchandise vending machines does not represent their principal activity or business but serves only as an additional source of income.

Summary of Results

Sales through automatic merchandise vending machines operated by vending machine operators increased by 16.9 per cent from the 1962 total of \$57,799,175 to reach a level of \$67,580,010. The number of firms increased from 600 to 673 and the number of machines used from 73,397 to 78,477.

For the second year, sales by part-time operators as defined exceeded the sales of the full-time operators. This development can be attributed in large measure to the increased volume of retail vending being undertaken by wholesalers. Many of these wholesalers are engaged in the selling of such products as cigarettes, candy and other items which are easily sold through vending machines. Other firms are involved in the selling of vending machines as well as the operation of machines themselves. These firms have also been classified as wholesalers.

Vending Machine Operators 1958 to 1963, by Type of Operator

Type of operator		1958	1959	1960	1961	1962	1963
Full-time operators:¹							
Firms	No.	199	214	241	253	271	268
Machines	"	22,058	25,165	29,341	40,326	45,045	47,137
Sales	\$	15,077,347	19,244,291	20,564,882	25,205,436	27,975,789	31,671,378
Part-time operators:¹							
Firms	No.	233	265	280	326	329	405
Machines	"	12,406	15,072	18,429	24,702	28,352	31,340
Sales	\$	11,254,021	14,497,648	18,145,893	19,754,260	29,823,386	35,908,632
Totals:							
Firms	No.	432	479	521	579	600	673
Machines	"	34,464	40,237	47,770	65,028	73,397	78,477
Sales	\$	26,331,368	33,741,939	38,710,775	44,959,696	57,799,175	67,580,010

¹ As defined in the report.

The table below indicates the composition of the "part-time operator" group. Wholesalers, the largest single segment in this group in terms of volume of business, accounted for 56.7 per cent of

the total sales of all part-time operators; music machine operators regained the second place which they had lost in 1962 to bottlers.

Part-time Operators by Type of Major Activity, 1962 and 1963

Type of business	1962		1963	
	Firms	Sales	Firms	Sales
		\$		\$
Wholesalers	104	17, 592, 233	117	20, 375, 397
Bottlers	50	2, 845, 784	51	3, 169, 661
Music machine operators	31	2, 084, 631	41	4, 629, 599
Other	144	7, 300, 738	196	7, 733, 975
Totals.....	329	29, 823, 386	405	35, 908, 632

The following table shows the percentage change in sales by the kind of products sold through vending machines by regions.

Percentage Change in Sales by Vending Machine Operators, by Product and by Region, 1962 and 1963

Firms operating in other than their own premises

Products	Change 1963/62					
	Canada	Atlantic Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
Tobacco products	+ 14.6	+ 14.0	+ 15.3	+ 12.8	+ 23.8	+ 10.9
Frozen refreshments	+ 113.2	¹	+ 46.9	+ 59.3	¹	- 0.8
Milk and milk products	+ 33.4	- 45.0	+ 23.7	+ 36.5	+ 109.7	- 12.0
Cold drinks:						
Vended in bottles, cans or cartons	+ 1.9	- 18.8	- 6.5	+ 65.3	- 12.1	+ 7.7
Vended in disposable cups	+ 16.2	+ 23.5	+ 27.8	+ 7.8	+ 25.0	+ 28.6
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	+ 27.3	+ 21.6	+ 29.7	+ 26.1	+ 21.0	+ 52.6
Bulk (unwrapped) confectionery	+ 10.5	- 9.1	+ 24.4	- 2.4	+ 14.5	+ 118.7
Packaged confectionery	+ 31.3	+ 17.3	+ 35.3	+ 23.4	+ 52.2	+ 74.7
Pastries	- 11.7	+ 25.6	+ 21.9	- 37.8	+ 22.9	+ 31.7
Sandwiches (hot and cold)	+ 69.7	+ 8.6	+ 51.9	+ 84.8	+ 38.0	+ 14.1
Canned hot foods and canned soup	+ 21.2	- 16.0	+ 8.0	+ 23.2	+ 181.6	+ 8.9
Other hot foods	- 60.8	²	²	²	-	²
Other cold foods	+ 29.8	-	²	²	-	-
Other non-food items	- 5.6	-	+ 62.9	- 43.2	²	²
Totals, all products	+ 16.9	+ 11.9	+ 17.4	+ 16.3	+ 24.1	+ 14.3

¹ Includes Yukon and Northwest Territories.

² Figures withheld in order to avoid disclosure.

The greatest gain in sales from 1962, measured in percentage terms, was established by the operators in the Prairie Provinces (+ 24.1 per cent) while the smallest relative gain of 11.9 per cent was recorded in the Atlantic Provinces. The gain for Canada of 16.9 per cent for 1963 over the previous year compares with one of 28.6 per cent for 1962.

The western provinces obtained a slightly greater share of the total business. The Prairie Provinces accounted for 10.0 per cent of the total (9.4 per cent in 1962) while British Columbia's share was 10.7 per cent (10.9 per cent), and the other provinces 79.3 per cent (79.7 per cent in 1962).

Industrial plants continued to hold first place in number of machines by type of location while service stations were second with 15,035 machines. Hot drink machines were most prominent in industrial

plants while cigarette machines accounted for over 50 per cent of the 13,992 machines in hotels, motels and restaurants.

Tobacco product sales through automatic vending machines continued to dominate the industry, accounting for 58 per cent of all sales; in the part-time operators field they amounted to \$24,568,105 out of a total of \$35,908,632 or 68.4 per cent in 1963 while in the full-time operators group, tobacco sales were 46.0 per cent of the total. Hot drinks placed second in importance at \$9,791,760 or 14.5 per cent of total sales.

The number of Canadian made machines in use in 1963 decreased very slightly to 29.1 per cent from 30.7 per cent in 1962. United States manufactured machines accounted for the remainder except a fractional percentage (0.1) of "other" manufacture.

Full-time Operators, Employment and Salaries,¹ 1962 and 1963

		1962	1963
Firms	No.	271	268
Office employees:			
Number		128	140
Salaries and wages	\$	431, 138	458, 767
Average salary	\$	3, 368	3, 277
Service employees:			
Number		592	633
Salaries and wages	\$	2, 042, 402	2, 225, 669
Average salary	\$	3, 450	3, 516
Other employees:			
Number		148	193
Salaries and wages	\$	485, 284	515, 255
Average salary	\$	3, 279	2, 670

¹ Does not include proprietors of unincorporated firms and officers of incorporated companies.

**TABLE 1. Sales by Vending Machine Operators, by Product and by Region,
1962 and 1963**

Firms operating venders in other than their own premises

Products	Canada		Atlantic Provinces		Quebec	
	1962	1963	1962	1963	1962	1963
dollars						
Tobacco products	34,164,694	39,147,951	1,726,094	1,967,352	11,422,121	13,168,436
Frozen refreshments	121,083	258,131	¹	¹	49,003	71,980
Milk and milk products	1,326,444	1,769,172	40,938	22,528	281,886	348,804
Cold drinks:						
Vended in bottles, cans or cartons	2,036,605	2,076,045	466,412	378,917	945,088	883,355
Vended in disposable cups	5,347,418	6,216,382	308,216	380,500	1,452,052	1,850,349
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	7,694,491	9,791,760	145,929	177,517	1,996,305	2,589,060
Bulk (unwrapped) confectionery	1,331,450	1,471,096	147,585	134,112	516,044	642,156
Packaged confectionery	2,105,249	2,763,278	145,510	170,704	619,325	838,000
Pastries	1,824,211	1,611,428	51,422	64,584	712,897	869,186
Sandwiches (hot and cold)	948,563	1,610,028	39,589	43,007	289,079	439,209
Canned hot foods and canned soup...	605,790	734,512	22,198	18,646	186,720	201,734
Other hot foods	268,047	105,211	¹	¹	227,154	¹
Other cold foods	3,668	4,761	—	—	3,118	¹
Other non-food items	21,462	20,255	¹	—	2,724	4,437
Totals, all products	57,799,175	67,580,010	3,098,658	3,467,952	18,703,516	21,959,174
	Ontario		Prairie Provinces		British Columbia ²	
	1962	1963	1962	1963	1962	1963
dollars						
Tobacco products	11,624,087	13,107,615	3,783,297	4,682,666	5,609,095	6,221,882
Frozen refreshments	49,344	78,618	¹	¹	12,511	12,415
Milk and milk products	940,202	1,282,996	48,498	101,710	14,920	13,134
Cold drinks:						
Vended in bottles, cans or cartons	316,849	523,709	211,466	185,801	96,790	104,263
Vended in disposable cups	2,982,913	3,216,119	381,116	476,439	223,121	286,975
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	4,668,054	5,887,596	670,077	810,858	214,126	326,729
Bulk (unwrapped) confectionery	517,109	504,960	134,068	153,460	16,644	36,408
Packaged confectionery	1,071,527	1,321,800	164,604	250,565	104,283	182,209
Pastries	1,030,221	640,641	23,537	28,938	6,134	8,079
Sandwiches (hot and cold)	588,979	1,088,219	18,079	24,946	12,837	14,647
Canned hot foods and canned soup...	371,316	457,322	16,777	47,252	8,779	9,558
Other hot foods	¹	¹	—	—	¹	¹
Other cold foods	¹	¹	¹	—	—	—
Other non-food items	15,901	9,027	2,330	¹	¹	¹
Totals, all products	24,209,621	28,145,402	5,461,292	6,779,187	6,326,088	7,228,295

¹ Figures withheld in order to avoid disclosure.

² Includes Yukon and Northwest Territories.

TABLE 2. Number of Vending Machines by Type and Location as of December 31, 1963

Type of machine	Type of location							
	All locations	Industrial plants	Business offices	Amusement and recreational centres, i.e. theatres, bowling, etc.	Hotels, motels, restaurants, taverns, mess halls	Gasoline service stations	Institutions, i.e. hospitals, universities, schools, etc.	All other locations
	number							
Cigarette and cigar machines	16,330	2,772	730	1,633	8,003	2,193	487	512
Frozen refreshment machines (ice cream, etc.)	224	133	5	15	3	1	47	20
Bottled or canned drink machines	2,743	1,220	308	151	171	303	214	376
Cartoned milk or juice machines	563	370	16	8	—	1	134	34
Cup-vending machines:								
Milk	602	366	13	9	27	55	111	21
Other cold drinks:								
Post-mix	2,850	1,717	199	414	53	30	245	192
Pre-mix	876	436	99	125	27	30	97	62
Hot drinks	5,656	3,272	775	284	69	488	449	319
Combination hot and cold	250	179	9	1	—	4	8	49
Confectionery machines:								
Bulk (unwrapped)	34,166	1,252	487	3,025	5,253	11,526	123	12,500
Packaged confectionery	4,635	1,970	292	1,095	151	349	274	504
Pastries	1,590	1,104	106	19	11	5	291	54
Canned food machines—Hot	953	747	50	6	4	1	86	59
Fresh food machines:								
Heated	113	98	—	2	6	—	5	2
Refrigerated	592	456	52	20	3	4	44	13
No temperature control	52	48	3	1	—	—	—	—
Other machines	533	21	27	43	211	45	33	153
Totals, all machines	72,728	16,161	3,171	6,851	13,992	15,035	2,648	14,870

TABLE 3. Sales by Product for Canada, Part-time¹ Operators, 1962 and 1963

Firms operating venders in other than their own premises

Product	1962		1963	
	Sales	Per cent	Sales	Per cent
	\$		\$	
Tobacco products	20,756,723	69.6	24,568,105	68.4
Frozen refreshments	53,433	0.2	75,556	0.2
Milk and milk products	457,840	1.5	606,896	1.7
Cold drinks:				
Vended in bottles, cans or cartons	1,432,851	4.8	1,509,353	4.2
Vended in disposable cups	2,452,777	8.2	2,877,278	8.0
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	2,256,876	7.6	3,217,784	9.0
Bulk (unwrapped) confectionery	388,572	1.3	439,624	1.2
Packaged confectionery	766,579	2.5	1,042,905	2.9
Pastries	599,624	2.0	699,529	2.0
Sandwiches (hot and cold)	386,300	1.3	551,190	1.5
Canned hot foods and canned soup	225,023	0.8	259,223	0.7
Other hot foods	26,222	0.1	51,434	0.2
Other cold foods	2,553	²	—	—
Other	18,013	0.1	9,755	²
Totals, all products	29,823,386	100.0	35,908,632	100.0

¹ As defined in this report.² Less than 0.05 per cent.



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TABLE 4. Sales by Product for Canada, Full-time¹ Operators, 1962 and 1963
Firms operating venders in other than their own premises

Product	1962		1963	
	Sales	Per cent	Sales	Per cent
	\$		\$	
Tobacco products	13,407,971	47.9	14,579,846	46.0
Frozen refreshments	67,650	0.2	182,575	0.6
Milk and milk products	868,604	3.1	1,162,276	3.7
Cold drinks:				
Vended in bottles, cans or cartons	603,754	2.2	566,692	1.8
Vended in disposable cups	2,894,641	10.3	3,339,104	10.5
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	5,437,615	19.4	6,573,976	20.8
Bulk (unwrapped) confectionery	942,878	3.4	1,031,472	3.3
Packaged confectionery	1,338,670	4.8	1,720,373	5.4
Pastries	1,224,587	4.4	911,899	2.9
Sandwiches (hot and cold)	562,263	2.0	1,058,838	3.3
Canned hot foods and canned soup	380,767	1.4	475,289	1.5
Other hot foods	241,825	0.9	53,777	0.2
Other cold foods	1,115	²	4,761	²
Other	3,449	²	10,500	²
Totals, all products	27,975,789	100.0	31,671,378	100.0

¹ As defined in this report.

² Less than 0.05 per cent.