

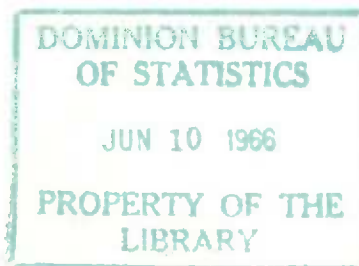
C-2
CATALOGUE No.

63-213

ANNUAL



VENDING MACHINE OPERATORS 1964



Published by Authority of
The Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS

Merchandising and Services Division

June 1966
6403-535

Price: 25 cents

111-114

111-114

111-114

111-114

111-114

111-114

111-114

VENDING MACHINE OPERATORS

1964

This is the seventh in a series of annual reports on operators of automatic merchandise vending machines. The first such survey 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.

The survey of vending machine operators is designed to measure only one segment of automatic vending in Canada—sales through vending machines owned or operated by vending machine operators.

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

“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. A number of the vending machines must be located on premises other than those of the “operator” except in the case of incorporated subsidiary firms whose function is to operate the machines on the premises of the parent company”.

The following types of vending machine operators are excluded from this survey:

(a) Firms which operate vending machines 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 merchandise vending machines. Another example is a lessee of a garage or filling station who has installed a vending machine on the premises for the benefit of his customers or employees.

(b) Unincorporated divisions of companies which have been established primarily for the purpose of operating concessions, including vending machines, solely on the premises of the parent company. However, if these unincorporated divisions have in-

stalled merchandise vending machines in other locations as well, the firms come within the definition given above.

(c) Bottlers who operate vending machines for only short periods of time during the year, especially when difficulty is encountered in selling or renting the machines in their possession. Because of the difficulty of collecting sales data from such firms and because the operation of vending machines is in reality a negative function, these bottlers and plants are excluded from the survey. Some bottlers, however, are retained in the survey when the information obtained indicates that the operation of venders is on a continuous basis.

(d) Firms engaged in vending only non-food (except tobacco) items, i.e., pencils, ice, combs, etc. 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.

The reader will note that the practice of stratifying vending machine operators into full-time and part-time classes has been eliminated from the current report. With the development of the vending machine industry in Canada has come a greater diversification into fields of activity closely allied with automatic merchandise vending, such as vending machine manufacture and canteen and restaurant operations. As a result, the stratification of operators into full and part-time categories can no longer be considered significant.

Summary of Results

Sales through automatic merchandise vending machines operated by vending machine operators increased to a record \$78,561,760 in 1964, a gain of 16.2 per cent over the previous year. This sales record was achieved in spite of the decline in the number of vending machine operators (673 to 651) and vending machines in operation (78,477 to 75,392). The decline in the number of firms was due, primarily, to a number of bankruptcies as well as to the normal disappearance of some part-time operators from the vending machine field.

Vending Machine Operators 1958 to 1964 – Historical Statistics

	1958	1959	1960	1961	1962	1963	1964
Number of firms	432	479	521	579	600	673	651
Number of machines	34,464	40,237	47,770	65,028	73,397	78,477	75,392
Sales \$	26,331,368	33,741,939	38,710,775	44,959,696	57,799,175	67,580,010	78,561,760

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, 1963 and 1964

Products	Change 1964/63					
	Canada	Atlantic Provinces	Quebec	Ontario	Prairie Provinces	British Columbia ¹
Tobacco products	+ 12.1	+ 28.8	+ 15.2	+ 7.1	+ 17.0	+ 7.2
Frozen refreshments	- 26.2	²	- 12.1	+ 21.1	²	+ 23.1
Milk and milk products	+ 24.9	+ 42.8	+ 11.9	+ 32.0	- 23.5	+ 25.2
Cold drinks:						
Vended in bottles, cans or cartons	+ 23.8	- 8.4	+ 33.0	+ 38.2	+ 23.3	- 7.3
Vended in disposable cups	+ 5.6	- 43.4	+ 17.6	+ 3.7	+ 11.7	+ 4.2
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	+ 23.8	+ 5.1	+ 23.4	+ 28.6	+ 10.8	- 16.2
Bulk (unwrapped) confectionery	+ 11.7	+ 39.3	+ 22.6	- 8.9	+ 13.0	+ 0.4
Packaged confectionery	+ 19.3	+ 14.6	- 2.4	+ 29.0	+ 44.8	+ 17.6
Pastries	+ 37.7	- 18.8	+ 37.6	+ 42.5	+ 72.4	- 12.7
Sandwiches (hot and cold)	+ 73.5	- 45.4	+ 98.6	+ 71.3	+ 6.1	- 55.6
Canned hot foods and canned soup	+ 20.2	- 21.2	+ 3.7	+ 25.1	+ 60.2	+ 15.0
Other hot foods	- 7.9	²	²	²	-	²
Other cold foods	+ 1,143.8	-	²	²	-	-
Other non-food items	+ 49.4	-	+ 36.9	+ 95.5	²	²
Totals, all products	+ 16.2	+ 9.4	+ 18.9	+ 17.5	+ 16.9	+ 5.9
Share of the market - 1964	100.0	4.8	33.2	42.1	10.1	9.8
1963	100.0	5.1	32.5	41.7	10.0	10.7

¹ Includes Yukon and Northwest Territories.

² Figures withheld to avoid disclosure of individual operations.

Quebec registered the largest increase in vending machine sales (18.9 per cent), and Ontario was in second place with a gain of 17.5 per cent. The Prairie Provinces, which had the largest gain in sales during 1963 (24.1 per cent), declined to third place in 1964 (16.9 per cent).

All three Canadian regions mentioned above increased their share of the vending machine market. Quebec accounted for the largest increase, rising from 32.5 per cent of the total business in 1963 to 33.2 per cent in 1964. Ontario's share of the market rose from 41.7 per cent in 1963 to 42.1 per cent in 1964. The Prairie Provinces also obtained a slightly greater share, increasing to 10.1 per cent in 1964 (10.0 per cent in 1963).

As in previous years, industrial plants continued to be the favourite location for vending machine installations. Over half of the machines on location in industrial plants vended hot drinks (20.0 per cent); cigarettes and cigars (15.7 per cent); cold drinks other than milk (14.7 per cent); and packaged confectionery (12.1 per cent).

The second heaviest concentration of vending machines was in hotels, motels, restaurants, taverns and mess halls (14,085 vending machines). Over 90 per cent of these machines were of two types: cigarette and cigar venders (60.8 per cent) and bulk confectionery machines (32.8 per cent).

Commodities sold through vending machines continue to be restricted to three main commodity lines: tobacco products (55.9 per cent), hot drinks (15.4 per cent) and cold drinks (11.7 per cent). However, there has been a slight trend towards a broader commodity base in the vending industry - as is evidenced by the fact that the three commodities mentioned above accounted for only 83.0 per cent of the total business in 1964, as compared to 84.7 per cent in 1963 and 85.2 per cent in 1962.

The number of Canadian-made machines in use in 1964 increased to 30.7 per cent of the total as compared to 29.1 per cent in 1963. United States-manufactured machines accounted for the remainder except for a fractional percentage (0.1) of "other" origin.

Full-time Operators, Employment and Salaries,¹ 1963 and 1964

	1963	1964
Firms No.	268	270
Office employees:		
Number	140	141
Salaries and wages \$	458,767	509,305
Average salary \$	3,277	3,612
Service employees:		
Number	633	725
Salaries and wages \$	2,225,669	2,642,284
Average salary \$	3,516	3,645
Other employees:		
Number	193	210
Salaries and wages \$	515,255	699,121
Average salary \$	2,670	3,329

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,
1963 and 1964**

Products	Canada		Atlantic Provinces		Quebec	
	1963	1964	1963	1964	1963	1964
			dollars			
Tobacco products	39,147,951	43,884,342	1,967,352	2,533,315	13,168,436	15,170,531
Frozen refreshments	258,131	190,548	1	1	71,980	63,266
Milk and milk products	1,769,172	2,209,893	22,528	32,180	348,804	390,465
Cold drinks:						
Vended in bottles, cans or cartons	2,076,045	2,571,141	378,917	347,196	883,355	1,174,674
Vended in disposable cups	6,216,382	6,565,415	380,500	215,440	1,850,349	2,183,800
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	9,791,760	12,121,452	177,517	186,522	2,589,060	3,193,630
Bulk (unwrapped) confectionery	1,471,096	1,643,653	134,112	186,789	642,156	787,058
Packaged confectionery	2,763,278	3,295,256	170,704	195,607	838,000	817,780
Pastries	1,611,428	2,218,402	64,584	52,466	869,186	1,196,258
Sandwiches (hot and cold)	1,610,028	2,792,731	43,007	23,488	439,209	872,225
Canned hot foods and canned soup	734,512	882,597	18,646	14,689	201,734	209,150
Other hot foods	105,211	96,858	1	1	1	1
Other cold foods	4,761	59,215	—	—	1	1
Other non-food items	20,255	30,257	—	—	4,437	6,074
Totals, all products	67,580,010	78,561,760	3,467,952	3,795,055	21,959,174	26,118,990
	Ontario		Prairie Provinces		British Columbia ²	
	1963	1964	1963	1964	1963	1964
			dollars			
Tobacco products	13,107,615	14,033,844	4,682,666	5,477,513	6,221,882	6,669,139
Frozen refreshments	78,618	95,190	1	1	12,415	15,280
Milk and milk products	1,282,996	1,692,996	101,710	77,812	13,134	16,440
Cold drinks:						
Vended in bottles, cans or cartons	523,709	723,504	185,801	229,128	104,263	96,639
Vended in disposable cups	3,216,119	3,335,146	476,439	532,105	286,975	298,924
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	5,887,596	7,569,023	810,858	898,427	326,729	273,850
Bulk (unwrapped) confectionery	504,960	459,815	153,460	173,452	36,408	36,539
Packaged confectionery	1,321,800	1,704,756	250,565	362,804	182,209	214,309
Pastries	640,641	912,735	28,938	49,894	8,079	7,049
Sandwiches (hot and cold)	1,088,219	1,864,048	24,946	26,466	14,647	6,504
Canned hot foods and canned soup	457,322	572,044	47,252	75,720	9,558	10,994
Other hot foods	1	1	—	—	1	1
Other cold foods	1	1	—	—	—	—
Other non-food items	9,027	17,651	1	1	1	1
Totals, all products	28,145,402	33,068,792	6,779,187	7,921,617	7,228,295	7,657,306

¹ Figures withheld in order to avoid disclosure.

² Includes Yukon and Northwest Territories.

TABLE 2. Percentage Distribution of Sales by Vending Machine Operators, by Product and by Region, 1963 and 1964

Products	Canada		Atlantic Provinces		Quebec	
	1963	1964	1963	1964	1963	1964
Tobacco products	57.9	55.9	56.7	66.8	60.0	58.1
Frozen refreshments	0.4	0.2	¹	¹	0.3	0.2
Milk and milk products	2.6	2.8	0.6	0.8	1.6	1.5
Cold drinks:						
Vended in bottles, cans or cartons	3.1	3.3	10.9	9.1	4.0	4.5
Vended in disposable cups	9.2	8.4	11.0	5.7	8.4	8.4
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	14.5	15.4	5.1	4.9	11.8	12.2
Bulk (unwrapped) confectionery	2.2	2.1	3.9	4.9	2.9	3.0
Packaged confectionery	4.1	4.2	4.9	5.2	3.8	3.1
Pastries	2.4	2.8	1.9	1.4	4.0	4.6
Sandwiches (hot and cold)	2.4	3.6	1.2	0.6	2.0	3.3
Canned hot foods and canned soup	1.1	1.1	0.5	0.4	0.9	0.8
Other hot foods	0.1	0.1	¹	¹	¹	¹
Other cold foods	²	0.1	—	—	¹	¹
Other non-food items	²	²	—	—	²	²
All products	100.0	100.0	100.0	100.0	100.0	100.0
	Ontario		Prairie Provinces		British Columbia ³	
	1963	1964	1963	1964	1963	1964
Tobacco products	46.6	42.4	69.1	69.1	86.1	87.1
Frozen refreshments	0.3	0.3	¹	¹	0.2	0.2
Milk and milk products	4.5	5.1	1.5	1.0	0.2	0.2
Cold drinks:						
Vended in bottles, cans or cartons	1.9	2.2	2.7	2.9	1.4	1.3
Vended in disposable cups	11.4	10.1	7.0	6.7	4.0	3.9
Hot drinks (coffee, tea, hot chocolate and cup-vended soup)	20.9	22.9	12.0	11.3	4.5	3.6
Bulk (unwrapped) confectionery	1.8	1.4	2.3	2.2	0.5	0.5
Packaged confectionery	4.7	5.2	3.7	4.6	2.5	2.8
Pastries	2.3	2.8	0.4	0.6	0.1	0.1
Sandwiches (hot and cold)	3.9	5.6	0.4	0.3	0.2	0.1
Canned hot foods and canned soup	1.6	1.7	0.7	1.0	0.1	0.1
Other hot foods	¹	¹	—	—	¹	¹
Other cold foods	¹	¹	—	—	—	—
Other non-food items		0.1	¹	¹	¹	¹
All products	100.0	100.0	100.0	100.0	100.0	100.0

¹ Figures withheld to avoid disclosure of individual operations.² Less than 0.05 per cent.³ Includes Yukon and Northwest Territories.

1010714387

TABLE 3. Number of Vending Machines by Type and Location as of December 31, 1964

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.....	16,485	2,794	692	1,429	8,566	1,812	575	617
Frozen refreshment machines (ice cream, etc.)	220	140	1	12	17	2	36	12
Bottled or canned drink machines.....	3,095	1,467	325	151	203	323	249	377
Cartoned milk or juice machines.....	725	494	16	13	6	3	178	15
Cup-vending machines:								
Milk.....	410	310	5	19	8	1	58	9
Other cold drinks:								
Post-mix.....	3,042	2,012	233	351	54	31	245	116
Pre-mix.....	1,240	601	110	166	100	47	159	57
Hot drinks.....	5,839	3,559	846	271	85	439	411	228
Combination hot and cold	28	17	2	1	—	—	6	2
Confectionery machines:								
Bulk (unwrapped).....	34,293	1,387	513	2,334	4,613	10,645	122	14,679
Packaged confectionery	4,966	2,150	207	1,156	210	317	314	612
Pastries.....	1,610	1,198	77	26	7	13	266	23
Canned food machines—Hot	945	792	34	3	6	—	91	19
Fresh food machines:								
Heated.....	95	88	—	2	2	—	3	—
Refrigerated.....	684	540	39	16	5	2	71	11
No temperature control	245	236	1	—	—	—	8	—
Other machines.....	689	12	20	65	203	45	21	323
Totals, all machines	74,611	17,797	3,121	6,015	14,085	13,680	2,813	17,100

TABLE 4. Percentage Distribution of Vending Machines by Type and Location, as of December 31, 1964

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
Cigarette and cigar machines.....	22.1	15.7	22.2	23.8	60.8	13.3	20.4	3.6
Frozen refreshment machines (ice cream, etc.)	0.3	0.8	1	0.2	0.1	1	1.3	0.1
Bottled or canned drink machines.....	4.1	8.2	10.4	2.5	1.4	2.4	8.9	2.2
Cartoned milk or juice machines.....	1.0	2.8	0.5	0.2	0.1	1	6.3	0.1
Cup-vending machines:								
Milk.....	0.5	1.7	0.2	0.3	0.1	1	2.1	0.1
Other cold drinks:								
Post-mix.....	4.1	11.3	7.5	5.8	0.4	0.2	8.7	0.7
Pre-mix.....	1.7	3.4	3.5	2.8	0.7	0.4	5.7	0.3
Hot drinks.....	7.8	20.0	27.1	4.5	0.6	3.2	14.6	1.3
Combination hot and cold	1	0.1	0.1	1	—	—	0.2	1
Confectionery machines:								
Bulk (unwrapped).....	46.0	7.8	16.4	38.8	32.8	77.8	4.3	85.8
Packaged confectionery	6.7	12.1	6.6	19.2	1.5	2.3	11.2	3.6
Pastries.....	2.2	6.7	2.5	0.4	0.1	0.1	9.5	0.1
Canned food machines—Hot	1.3	4.5	1.1	0.1	1	—	3.2	0.1
Fresh food machines:								
Heated.....	0.1	0.5	—	1	1	—	0.1	—
Refrigerated.....	0.9	3.0	1.3	0.3	1	1	2.5	0.1
No temperature control	0.3	1.3	1	—	—	—	0.3	—
Other machines.....	0.9	0.1	0.6	1.1	1.4	0.3	0.7	1.9
All machines.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Less than 0.05 per cent.