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**VENDING MACHINE OPERATORS
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PUBLICATIONS RELATING TO RETAIL TRADE

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(b) Monthly		
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VENDING MACHINE OPERATORS

1958

(Firms or Individuals Who Operate Automatic Vending Machines
in Other Than Their Own Premises)

Introduction

This survey of the operators of automatic vending machines is the first attempt by the Dominion Bureau of Statistics to collect information on this significant development in retailing for publication purposes.

The distinctive characteristic of automatic vending is the completion of a sales transaction without the aid of a sales clerk or cashier. It requires only the insertion of coins into the machine.

The field of automatic merchandising can be divided into four broad types of activity; manufacturing, distributing, operating and supplying. Since this survey was initiated primarily for the collection of information on the sales of merchandise through automatic merchandising machines, only vending machine operators as defined below were surveyed.

Definition

Because of the complexities involved in developing an adequate definition of a vending machine operator, a pilot study was undertaken during 1958, covering 1957 operations.

The results from this study indicated that practical considerations would make it necessary to develop a definition of a vending machine operator which would create a universe which could be readily surveyed. It is well known that there are many vending machines being operated by individuals and firms on their own premises. To have accepted this large number of individuals and firms as operators would have created a universe which would have been very difficult to survey, since such a step would have made it necessary to survey all retail, wholesale, service and manufacturing concerns as well as a variety of other institutions. Therefore, in consultation with representatives from the vending machine industry, it was decided, that for purposes of this survey, a vending machine operator would be defined as follows:

"an individual or organization who owns (or rents), locates, services and repairs (on own account or on a contract basis) venders with

the right vested in the firm to withdraw monies from the venders. The venders must be located on the premises other than those of the "operator" except in the case of incorporated subsidiary firms whose function it is to operate venders on the premises of the parent company."

This definition excludes unincorporated divisions of major 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 located venders in other premises as well, the firm comes within the definition of a "vending machine operator".

The users of these statistics should, therefore, bear in mind that this survey covers only the operations of vending machine operators as defined above and is not to be construed as an estimate of total sales through all automatic vending machines in operation during 1958.

Collection

The list of vending machine operators was obtained from various sources such as the Canadian Automatic Merchandising Association, distributors and suppliers in the vending machine industry as well as various trade papers; their assistance is gratefully acknowledged.

It should be mentioned that questionnaires were sent to approximately 600 soft drink plants and bottlers. The returns indicated that the majority of these firms were not operators of automatic vending machines as defined above. The relatively few firms who did fall within the operating universe did so for only short periods of time since the function of an operator was usually undertaken only when the bottler had difficulty in renting or selling the venders in his possession. Because of the difficulty of collecting sales data from such firms as well as the fact that operating was in reality a negative function, these bottlers and plants were excluded from the survey. Some bottlers were retained in the operating universe if the information indicated that the operation of venders was on a continuous basis.

As this is a new survey, any changes or adjustments to current data brought about by fuller coverage or additional information will be published in next year's report.

Summary of Results

During 1958, there were 329 firms operating 27,052 automatic vending machines. The sales through these machines amounted to \$22,573,451, this figure being the actual number of dollars withdrawn from the machines by the operators. Any location rentals or commissions that an operator may have received through the leasing of his own machines are not included in this amount.

In order to give a comprehensive picture of the operating universe, it has been decided to stratify operators into two broad categories (1) full-time operators—individuals or firms who are engaged in vending as their sole 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.

The following table indicates that 50.5 per cent of the operators engaged in vending did so on a part-time basis only. These firms accounted for 43.4 per cent of the total sales. The remaining 163 full-time operators registered sales of \$12,779,202 or 56.6 per cent of the total.

Legal Organization of Vending Machine Operators, 1958

Full-time¹ and Part-time¹ Operators

(Firms operating venders in other than their own premises)

Type of organization	Firms	Machines	Sales
	number		\$
Full-time operators:			
Individual proprietorship	79	6,918	2,571,978
Partnership.....	19	984	1,057,180
Incorporated	65	9,795	9,150,044
Total	163	17,697	12,779,202
Part-time operators:			
Individual proprietorship	52	2,623	1,026,464
Partnership.....	16	275	362,807
Incorporated	96	6,387	8,404,978
Other	2	70	
Total	166	9,355	9,794,249
Total all operators	329	27,052	22,573,451

¹ As defined in this report.

It is interesting to note that the large percentage of sales registered by part-time operators was

due primarily to the number of wholesaling firms engaged in automatic vending.

Part-time Operators — Wholesalers and Non-wholesalers

Type of business	Firms	Sales
	number	\$
Wholesalers.....	98	7,286,029
Other than wholesalers	68	2,508,220
Total	166	9,794,249

The following tables show the distribution of vending machines and sales by certain products for

both full-time and part-time operators.

Number of Machines and Sales by Product, 1958

Full-time¹ Operators

(Firms operating venders in other than their own premises)

Products	Canada			
	Machines	Per cent	Sales	Per cent
	number		\$	
Coffee, tea and hot chocolate	1,616	9.1	2,694,981	21.1
Soft drinks (paper cups)	1,184	6.7	2,206,570	17.3
Bottled drinks	306	1.7	324,034	2.5
Cigarettes	3,073	17.4	5,491,336	43.0
Chocolate bars	1,353	7.6	579,118	4.5
Gum	7,725	43.7	382,482	3.0
Peanuts	1,259	7.1	91,176	0.7
Milk (bulk—chocolate and white)	78	0.4	86,011	0.7
Milk (paper containers—chocolate and white)	177	1.0	206,907	1.6
Sandwiches	88	0.5	84,229	0.6
Hot foods and soup	281	1.6	191,182	1.5
Pastry	315	1.8	280,546	2.2
Ice cream	45	0.3	20,531	0.2
Other	197	1.1	140,099	1.1
Total	17,697	100.0	12,779,202	100.0

¹ As defined in this report.

Number of Machines and Sales by Product, 1958

Part-Time¹ Operators

(Firms operating venders in other than their own premises)

Products	Canada			
	Machines	Per cent	Sales	Per cent
	number		\$	
Coffee, tea and hot chocolate	410	4.4	690,407	7.0
Soft drinks (paper cups)	787	8.4	1,220,093	12.5
Bottled drinks	1,110	11.9	627,935	6.4
Cigarettes	3,295	35.2	6,364,105	65.0
Chocolate bars	257	2.8	151,219	1.5
Gum	2,262	24.2	279,832	2.9
Peanuts	621	6.6	61,479	0.6
Milk (bulk—chocolate and white)	31	0.3	36,497	0.4
Milk (paper containers—chocolate and white)	66	0.7	97,642	1.0
Sandwiches	26	0.3	53,724	0.5
Hot foods and soup	79	0.8	33,851	0.3
Pastry	69	0.7	46,022	0.5
Ice cream	27	0.3	25,044	0.3
Other	315	3.4	106,399	1.1
Total	9,355	100.0	9,794,249	100.0

¹ As defined in this report.

The above tables indicate that both the full-time and part-time operators derived their largest volume of sales from the vending of cigarettes, coffee, tea, hot chocolate and soft drinks (paper cups); these goods accounting for 81.3 per cent of the sales of the full-time operators and 84.5 per cent for the part-time operators.

Although the data in this report are on the sales of food and tobacco by automatic merchandising, the "other" category in the above tables includes the sales of some non-food items such as fuel, ice, combs, etc. It is hoped that in the future, this survey can be extended to include specific information on the sales of non-food items through venders.

Operators were requested to submit information on the dollar volume of sales by specified locations. It was found, unfortunately, that many firms did not keep such records. Only 68.7 per cent of the full-time operators and 68.1 per cent of the part-time

operators were able to supply this type of breakdown. However, the response was sufficient to give a relatively accurate description of sales by location on a percentage basis.

Percentage Distribution of Sales by Location, 1958

Full-Time¹ and Part-Time¹ Operators

(Firms operating venders in other than their own premises)

Location	Full-time operators	Part-time operators
Railway stations	0.1	0.3
Bus terminals	0.6	0.5
Theatres	6.3	8.3
Schools	2.6	0.3
Army-Navy-Air Force bases	0.8	1.6
Industrial plants	55.9	21.7
Fire and Police stations	0.2	0.2
Summer resorts	0.2	0.1
Offices	5.2	1.3
Hotels	3.9	17.0
Hospitals	0.7	2.0
Motels	0.1	0.4
Gas stations	5.4	4.2
Restaurants	8.6	34.6
Department stores	3.1	1.6
Other	6.3	5.9
Total	100.0	100.0

¹ As defined in this report.

As can be seen from the above table, full-time firms obtained the largest volume of sales from industrial plants (55.9 per cent); with restaurants (8.6 per cent) and theatres (6.3 per cent) falling in second and third position respectively.

On the other hand, firms who operated venders on a part-time basis derived their largest volume of sales from restaurant locations (34.6 per cent) with industrial plants placing second (21.7 per cent) and hotels (17.0 per cent) in third position.

It is interesting to note that of the 27,052 vending machines being operated by vending machine operators, 23,070 machines (85.3 per cent)

were American-manufactured, 3,619 machines (13.4 per cent) were Canadian-manufactured and the remaining 363 machines (1.3 per cent) were manufactured in other countries.

It is expected that in addition to the foregoing information data on employment and salaries will be published in the 1959 report on vending machine operators.

Additional information is given in Tables 1 and 2.

TABLE 1. Sales by Vending Machine Operators, 1958
By Product and by Province
 (Firms operating venders in other than their own premises)

Product	Canada		Atlantic	Quebec
	Machines	Sales		
	number		dollars	
Coffee, tea and hot chocolate	2,026	3,385,388	55,080	1,114,671
Soft drinks (paper cups)	1,971	3,426,663	117,267	1,189,744
Bottled drinks	1,416	951,969	54,335	443,937
Cigarettes	6,368	11,855,441	197,827	2,665,797
Chocolate bars	1,610	730,337	¹	221,234
Gum	9,987	662,314	142,984	286,516
Peanuts	1,880	152,655	¹	134,040
Milk (bulk—chocolate and white)	109	122,508	3,287	48,016
Milk (paper containers—chocolate and white)	243	304,549	—	58,277
Sandwiches	114	137,953	¹	44,129
Hot foods and soup	360	225,033	—	124,858
Pastry	384	326,568	—	200,786
Ice cream	72	45,575	—	16,852
Other	512	246,498	139	120,976
Total	27,052	22,573,451	587,249	6,669,833
	Ontario		Prairie provinces	British Columbia
			dollars	
Coffee, tea and hot chocolate	1,788,479		276,916	150,242
Soft drinks (paper cups)	1,675,810		261,553	182,289
Bottled drinks	375,688		59,880	18,129
Cigarettes	6,489,930		960,196	1,541,691
Chocolate bars	397,633		56,245	¹
Gum	203,448		18,476	10,890
Peanuts	¹		¹	¹
Milk (bulk—chocolate and white)	62,411		¹	¹
Milk (paper containers—chocolate and white)	235,918		¹	¹
Sandwiches	83,910		¹	—
Hot foods and soup	72,519		20,634	7,022
Pastry	¹		¹	—
Ice cream	15,359		3,141	10,223
Other	32,025		15,524	77,834
Total	11,568,504		1,701,429	2,046,436

¹ Figures withheld in order to avoid disclosure.



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MERCHANDISING AND SERVICES

TABLE 2. Number of Machines Operated by Vending Machine Operators, 1958**By Location and Province**

(Firms operating venders on other than their own premises)

Location	Canada	Atlantic provinces	Quebec	Ontario	Prairie provinces	British Columbia
Railway stations	41	4	7	17	9	4
Bus terminals	103	6	57	23	6	11
Theatres	526	8	189	248	57	24
Schools	305	28	137	88	41	11
Army-Navy-Air Force bases	375	95	111	80	54	35
Industrial plants	8,088	118	2,393	4,898	362	317
Fire and Police stations	59	3	10	32	1	13
Summer resorts	343	—	72	242	8	21
Offices	660	39	265	144	134	78
Hotels	1,404	7	546	664	49	138
Hospitals	191	13	82	52	24	20
Motels	75	—	17	36	5	17
Gas stations	3,153	60	1,476	1,431	117	69
Restaurants	6,403	104	4,053	1,148	670	428
Department stores	703	57	135	412	74	25
Other	4,623	81	776	3,186	187	393
Total	27,052	623	10,326	12,701	1,798	1,604