CAMA
Canadian Automatic Merchandising Association

ACAD
l'Association canadienne d'auto-distribution

COFFEE - MARKETS - VENDING

21 - June 20, 2024

NEWSLETTER



View the online version at **www.vending-cama.com/newsletter**

Issue 21 - June, 2024 *- Jim Jackson, President*

June 2024 - Message from Your CAMA President

As I write this message, I am sitting in the airport waiting for my flight back to Winnipeg. Today was a bright and sunny day in Toronto and I just enjoyed another fantastic CAMA event, our annual golf tournament at the Royal Woodbine golf course. The event was well attended, and it was great to enjoy the company of so many of our industry peers in a relaxed and casual setting.

I would like to extend a big thankyou to our event sponsor, COMPLETE PURCHASING SERVICES. I would also like thank and acknowledge our hole sponsors, Brokerhouse Distributors, Dure Foods, Global Connect, Nestle, PayComplete and PepsiCo. The support of our sponsors and golfers is much appreciated as they all played a significant role in the success of the event and CAMA overall.

It has been a busy Spring as I have attended our CAMA trade show in March, Canada Night at NAMA in April and now the Golf Tournament in June. All 3 of these events were well attended and really goes to prove that the growth and stability of our industry is on the rise. This is a strong indicator that our businesses have returned to pre-pandemic strength and we as operators and suppliers have and are willing to invest time and money back into travel and support of our industry and association. It is great to witness new and vibrant interest in our association and I foresee continued growth in membership and attendance in our future events.

We are currently looking into the interest and feasibility of hosting an event in Quebec this fall. Our association also wants to acknowledge and show appreciation for our members situated east of Ontario. There will be more information posted on our website soon.

Since summer months are traditionally a slower period in our industry, I would like to wish everyone a more relaxed summer and to take the opportunity to enjoy the warmer weather with family and friends. Fall time will be here soon enough and business schedules will ramp up for everyone.

Play safe, keep well and we will gather again soon.

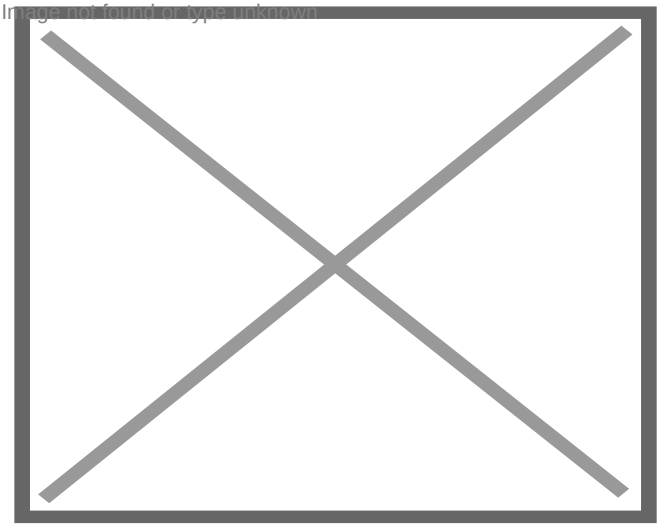
Take Care,

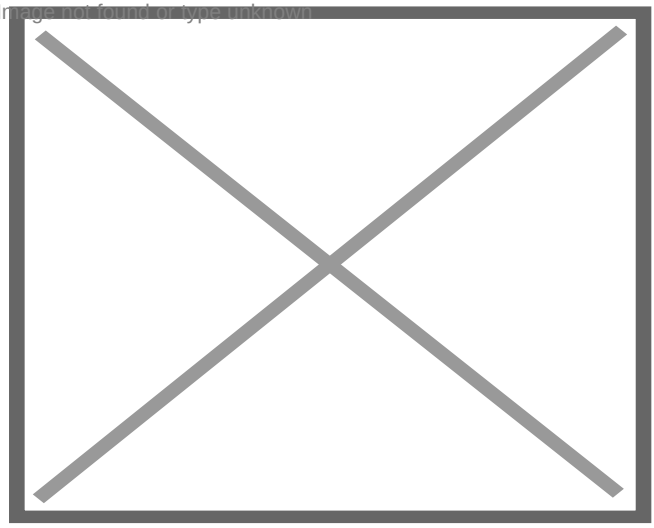
Jim Jackson
CAMA President

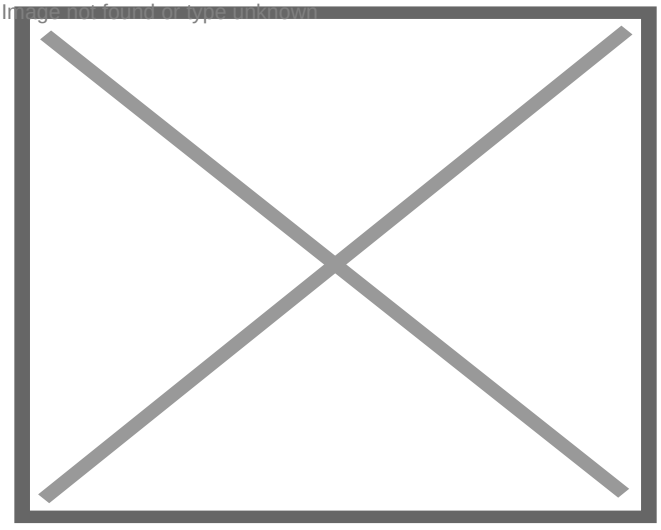
Issue 21 - June, 2024 *- CAMA*

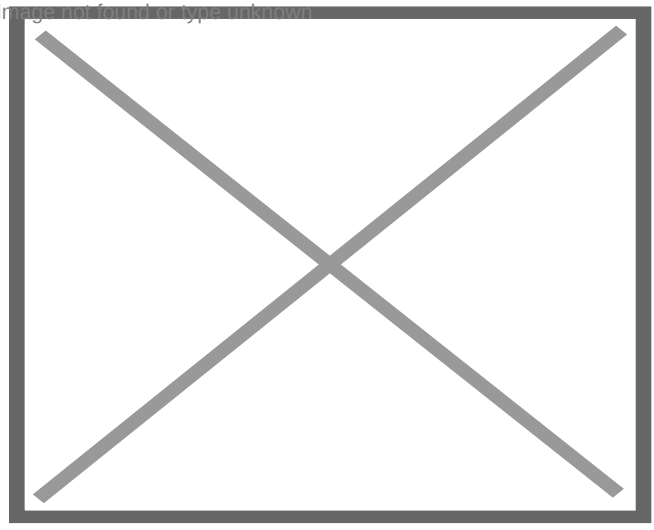
Golf Tournament 2024

Thank you for coming out for the 2024 Golf Tournament. The weather was with us for an exce
Course, with great golf and great company! Congratulations to the winners of the day!









With Thanks to Our Sponsors!

Tournament Sponsor

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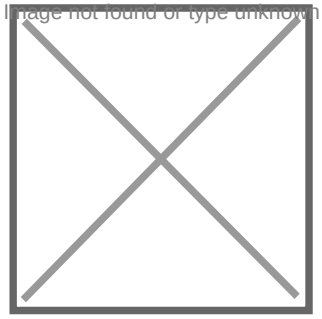
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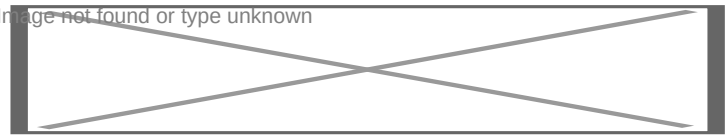
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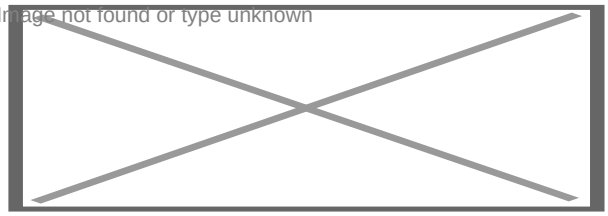
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Issue 21 - June, 2024 *- Andrew Smith, Procurement Director of Consumer-Packaged-Goods*
Complete Purchasing Services Inc

Bottles vs. Cans: Which is Better for Your Business?

In the competitive landscape of the vending industry, the choice between selling bottles and c is a pivotal one. Soft drinks in aluminum cans have long been a symbol of refreshment and convenience, but traditional can vending equipment has been gradually on the decline. This is influenced by the suppliers involved, but also consumer changes in the Canadian marketplac This article delves into the growing movement toward bottled formats and why it is important f your business.

There are many advantages and arguments to be presented in favour of bottled beverages. Let's start with the most important: *your revenue and profit opportunity*. Whether you have a vending machine, micro market, or other retail concept you have limited space and unfortunat must make hard choices. Carbonated soft drink cans are widely believed to be cheaper produ with a lower perceived value for consumers in addition to the cost / markup being generally lower. Bottles on the other hand are highly marketed by the big beverage companies and can command a higher selling price, boosting your margin and revenue. If you look at the math based on your product cost and have good guidance on the suggested retail price you will se the financial benefits immediately.

There are also a couple reasons why consumers may want to choose a bottle over a can. For example, many of the cold beverage innovations, new flavours, and line extensions are produced and promoted in a bottle format only; not always, but this is generally the case. With more selection to choose from it will be easier for your operation to keep up with trends and preferences of your region and target demographic. That way you can mix up your planogram keep things exciting and modern. In addition, there's the added bonus that bottles are reseala so they can be purchased for immediate consumption or enjoyed throughout the day. For mic market or retail locations this opens up more "day parts" and can help bring consumers into y location.

There can be some hesitation to support bottles in plastic packaging from an environmental perspective, however, sustainability in the beverage category has been steadily improving. It can be subjective on what packaging material is the *"best"* for the environment, but in general companies are getting more efficient and cleaner with their packaging. For example, many of the large beverage producers are shifting away from PET toward RPET (100% recycled plastic) and reducing our reliance on virgin plastic material. The key is having a strong recycling system and consistent supply of RPET across the supply chain.

When comparing bottled beverages versus cans, bottled beverages hold many benefits for vending and micro-market operators in striking the balance between maximizing profits and meeting consumer needs without compromising on the quality of product. In closing when you are considering your options, we recommend you keep all of these factors in mind, ensure you have an optimized planogram, and understand what your customers are looking for and willing to pay.

About the Author:

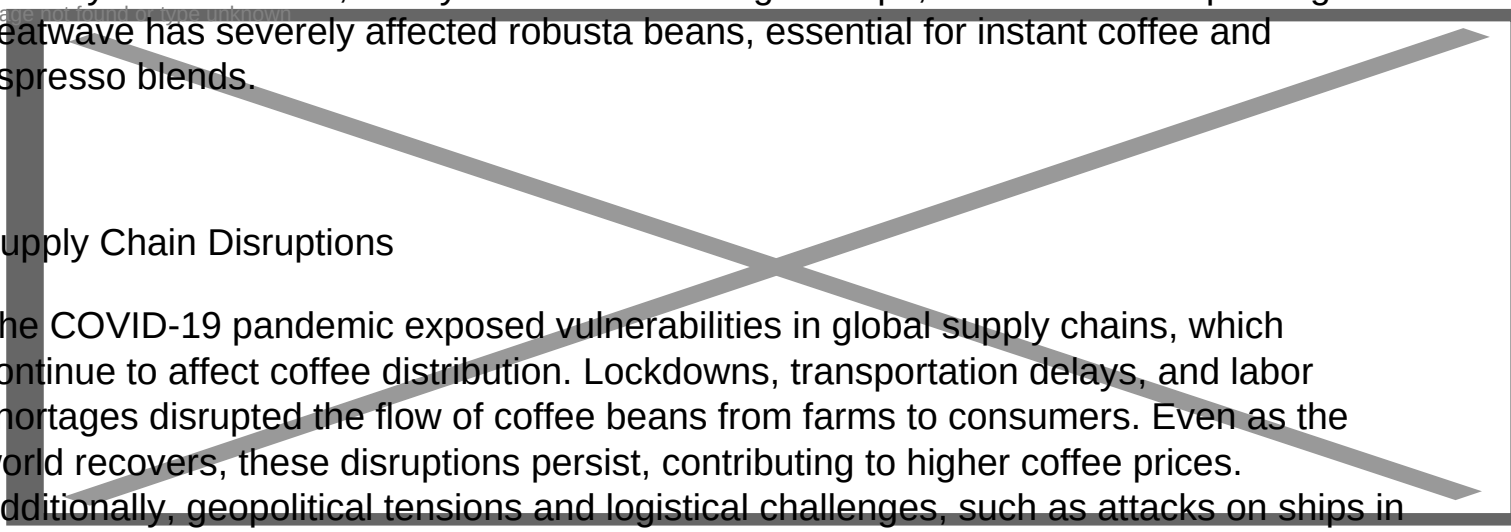
Andrew Smith is the Procurement Director of Consumer-Packaged-Goods at Complete Purchasing Services Inc, a leading supply chain solutions provider for hospitality and non-commercial clients in Canada. Andrew has been in the foodservice industry for 9+ years with expertise in global beverage strategy and CPG category development. Learn more about Complete Purchasing Services by visiting [CPS.ca](CPS.ca).

Coffee Corner: Navigating the Coffee Price Surge: Insights for Canadian Operators

The coffee industry is undergoing significant turbulence, impacting prices globally and here recently in Canada. For businesses in the Canadian vending, micro-market and office coffee services sectors, understanding these dynamics is crucial for navigating the current landscape and anticipating future trends.

Climate Change and Weather Extremes

Climate change is one of the primary drivers of increasing coffee prices. Coffee plants are highly sensitive to changes in temperature and precipitation. Major coffee-producing regions like Brazil and Vietnam are experiencing severe weather events—droughts, heatwaves, and unexpected frosts—that are significantly reducing coffee yields. In Brazil, heavy rainfall has damaged crops, while Vietnam's prolonged heatwave has severely affected robusta beans, essential for instant coffee and espresso blends.



Supply Chain Disruptions

The COVID-19 pandemic exposed vulnerabilities in global supply chains, which continue to affect coffee distribution. Lockdowns, transportation delays, and labor shortages disrupted the flow of coffee beans from farms to consumers. Even as the world recovers, these disruptions persist, contributing to higher coffee prices. Additionally, geopolitical tensions and logistical challenges, such as attacks on ships in the Red Sea, have forced vessels to take longer routes, further exacerbating supply chain issues.

Additionally, the upcoming new EU regulations on coffee grown on deforested land, effective December 2024, will change the ordering habits of European suppliers and have a knock-on effect globally.

Rising Production Costs

The cost of producing coffee is rising due to increasing labor costs and the higher prices of fertilizers, pesticides, and other inputs. Workers in coffee-producing countries are demanding higher wages and better working conditions, which adds to the overall cost of coffee production. These increased production costs are inevitably passed on to consumers, contributing to the rising prices of coffee.

Market Dynamics and Speculation

The interplay of supply and demand significantly influences coffee prices. As developing countries grow wealthier, their consumption of coffee increases. Additionally, the popularity of specialty coffees in developed nations further fuels demand. When demand outpaces supply, prices naturally rise. Speculative trading in coffee markets also contributes to price volatility, as traders' perceptions of future supply and demand can drive prices higher.

Local Impact in Canada

In Canada, coffee prices have surged due to these global factors. From June 2021 to June 2022, the price of ground or whole-bean coffee in stores increased by over 20%, with an additional 9.2% rise between August 2022 and August 2023. This has been reflected in higher prices at coffee shops, where the average price of a latte has exceeded $5. The cost increase is not only due to global supply chain issues but also local factors such as higher wages, rent, and other operational costs.

Strategies for Coffee Service Providers

For vending, micromarket, and office coffee service providers, these rising costs present a challenge. Here are some strategies to mitigate the impact:

- **Diversify Suppliers**: Establish relationships with multiple suppliers to ensure a steady supply of coffee and reduce dependency on any single source.
- **Bulk Purchasing**: Buying coffee in bulk can help lock in prices and reduce costs. Additionally, this strategy can protect against future price increases.
- **Sustainable Sourcing**: Partner with suppliers who practice sustainable farming. This not only ensures a long-term supply of coffee but also appeals to

environmentally conscious consumers.
- **Cost Management**: Optimize operational efficiencies to manage costs better. This includes reducing waste, streamlining processes, and using energy-efficient equipment.
- **Customer Education**: Educate customers about the factors driving up coffee prices. Transparency can help build trust and justify price adjustments.
- **Explore Alternatives**: Introduce a variety of coffee options, including blends that use more affordable beans without compromising quality.

Tech Corner: The Rising Cost of Technology: Causes and Implications

Conclusion

The coffee market is experiencing unprecedented volatility due to climate change, rising production costs, supply chain disruptions, and increased demand. For Canadian vending, micromarket, and office coffee service providers, understanding these dynamics is crucial. By implementing strategic measures, these businesses can navigate the challenging landscape, maintain profitability, and continue to meet the needs of coffee-loving Canadians.

The cost of technology has surged significantly in recent years, impacting consumers and businesses alike. Several factors contribute to this trend, from supply chain disruptions to advancements in machine complexity. Understanding these elements can help businesses better navigate the financial landscape and integrate these rising costs into their strategic plans.

1. Price of Chips Increasing Due to Limited Supply

One of the most significant factors driving up the cost of technology is the increasing price of semiconductor chips. Chips are integral components in virtually all modern electronics, from smartphones to computers to household appliances. The supply of these chips has been constrained by several factors. Manufacturing facilities require substantial investments and time to ramp up production. Additionally, the COVID-19 pandemic exacerbated the issue by causing temporary shutdowns of manufacturing plants, leading to a backlog in production.

Moreover, geopolitical tensions, particularly involving major chip-producing regions like Taiwan, have further restricted supply. With limited new supply coming online and existing facilities struggling to meet demand, the price of chips has skyrocketed. This has had a cascading effect, driving up the cost of any device that relies on these components.

2. Supply Chain Issues and Global Shipping Disruptions

Supply chain issues have also played a critical role in the rising cost of technology. The global shipping industry has faced unprecedented challenges over the past few years. Climate change has caused more frequent and severe weather events, disrupting shipping routes and damaging infrastructure. Meanwhile, conflicts in key regions, such as trade routes through the Red Sea, have further complicated logistics.

The COVID-19 pandemic has also had a lasting impact on global supply chains. Lockdowns and restrictions led to port closures and labor shortages, creating bottlenecks that persist even as demand for goods rebounds. These disruptions have increased the cost of shipping and transportation, expenses that are inevitably passed

on to consumers in the form of higher prices for technology products.

3. Increasing Complexity of Machines

Issue 21 - June, 2024 - *Workplace Safety & Prevention Services (WSPS)*

Another contributing factor is the increasing complexity of modern machines. Today's vending and micro market machines are far more advanced than their predecessors, often featuring touchscreens, sophisticated sensors, and enhanced connectivity options. While these features provide significant benefits, they also require more advanced and expensive components.

Removing Language Barriers to Health & Safety Success

The development and integration of these new technologies involve substantial research and development costs. Manufacturers must invest heavily in innovation to stay competitive, and these costs are ultimately reflected in the price of the finished products. Furthermore, as devices become more complex, the cost of manufacturing and quality control also rises, contributing to the overall increase in technology prices.

Look around. Does your workforce include new Canadians, temporary foreign workers or individuals for whom English is their second language?

You probably do or will be employing a newcomer sometime soon, as Canada's 2024-2026 Immigration Levels Plan (Canada.ca) seeks to welcome 500,000 new residents annually in the years to come.

4. Lack of Repair Options and Increase in Buying New Machines

New hires, especially newcomers to the country, may bring with them a varied understanding of health and safety rights, responsibilities, and workplace hazards, thus increasing the need for thorough orientation and job training. Language barriers may complicate a newcomer's ability to comprehend your instructions, hinder their ability to communicate with you about health and safety, and integrate into the workforce safely. Many may also be hesitant to speak up and ask questions.

"As a result, many newcomers lack proper awareness of the hazards on the job and how to stay safe," says Bill Chen, Workplace Safety & Prevention Services (WSPS) Account Representative. "This puts them at higher risk of injury than their Canadian counterparts, which is bad news for these workers and their employers."

Knowing this, WSPS has developed multilingual learning resources to assist businesses in educating their workers on health and safety. Each aims to reduce injuries and fatalities by raising worker safety awareness and provides simple instructions for staying safe on the job.

Material Handling Resources

Material handling is a high-risk hazard impacting many workplaces and workers. Recognizing this, the Ontario Ministry of Labour, Immigration, Training and Skills Development (MLITSD) is conducting material handling focused workplace inspections from April 1, 2024, to March 31, 2025, to boost awareness and compliance with the *Occupational Health and Safety Act*.

The trend toward disposable technology is another factor driving up costs. Many modern devices are designed with limited reparability, meaning that when a component fails, the entire device often needs to be replaced. This is partly due to the increasing complexity of devices, which makes repairs more difficult and expensive. Additionally, some manufacturers have adopted business models that discourage repairs, preferring to sell new products instead.

This lack of repair options forces consumers and businesses to purchase new devices more frequently. The higher turnover rate increases overall spending on technology, as older models are quickly rendered obsolete or non-functional without feasible repair options. As a result, the total cost of owning and maintaining technology has risen substantially.

Conclusion

Given these various factors—the rising price of semiconductor chips, supply chain disruptions, the increasing complexity of devices, and the trend towards disposable technology—it is clear that the cost of technology will continue to climb in the foreseeable future. Businesses must recognize this trend and plan accordingly. Incorporating the increasing costs of technology into business plans and budgets is essential to remain competitive and operational.

By understanding and anticipating these rising costs, businesses can better strategize their investments in technology, ensuring they can leverage the latest advancements without being caught off guard by unexpected expenses. Adaptation and proactive planning will be crucial in navigating the evolving technological landscape and maintaining a competitive edge.

Free material handling resources have been created to help employers, supervisors and workers better understand material handling hazards, make workplaces safer and prepare them for inspections.

Acknowledging the need for workers of all skills and backgrounds to understand this information, worker resources are available in French, Spanish, Mandarin, Punjabi, Tagalog and English.

Additional Resources – New Canadians

- Multilanguage material handling resources for workers
- Multilingual manufacturing resources
- Safety Connection: Breaking Language Barriers – Worker Safety in Manufacturing (free webinar; multiple dates to choose from)
- New Canadians in your workforce? This manufacturer's approach can help protect them and you (article)
- 5 tips to protect the health and safety of new Canadians (article)
- Do New Canadians Feel Psychologically Safe in Your Workplace (article)
- Quick Safety Tips: New and Young Workers (video series)

Additional Resources – Material Handling

- Preparing for a Ministry of Labour, Immigration, Training and Skills Development Inspection
- MLITSD Material handling inspections on now: be prepared (article)
- Safety Connection: MLITSD Materials Handling Campaign – The Essentials (pre-recorded webinar; jointly presented by the Ministry of Labour, Immigration, Training and Skills Development and Workplace Safety & Prevention Services)
- Multilanguage material handling resources for workers
- TOOL: Managing Material Hazards
- Quick Safety Tips: Safe Lifting (video series)

The information in this article is accurate as of its publication date.

Have health and safety questions? Please contact Denise Lam, WSPS Account Manager, Small Business at Denise.Lam@wsps.ca.

About Workplace Safety & Prevention Services (WSPS)

Workplace Safety & Prevention Services (WSPS) is a not-for-profit organization committed to protecting Ontario workers and businesses. A proud partner in Ontario's occupational health and safety system and a trusted safety advisor since 1917, WSPS has a rich history of making Ontario workplaces safer. WSPS serves the manufacturing, agricultural and service sectors. WSPS offers unparalleled health and safety expertise, consulting, training and resources for businesses of any size. For more information visit WSPS.ca.

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