



## What is CAMA?

Formed in 1953, The Canadian Automatic Merchandising Association is the only association representing the interests of Vending Operators, Machine Manufacturers, and Product & Service Suppliers in Canada. In 2009, CAMA extended its mandate to represent office coffee services. CAMA programs designed to represent, support and enhance the Vending, Office Coffee and Foodservice industries, include:

- Company profile on the CAMA Website
- CAMguard Insurance Program (PDF)
- Petro Canada commercial fleet card discounts
- Regional golf tournaments
- Networking opportunities at the Annual CAMA Tradeshow
- Healthy Vending Certificate Programs
- CAMA Employment Practices handbook
- Regional Educational Sessions held in conjunction with trade show
- Online Advertising Program

### Mission

To advance and promote the Vending & Office Coffee Service Industries in Canada

### Vision

To elevate professionalism and leadership in the provision of vending and office coffee services.

## CAMA Governance

CAMA is a federally incorporated not-for-profit association governed by a National Board of Directors, comprised of a minimum of nine and maximum of thirteen directors; with at least one Operator Member representative from each formally recognized Region of the Association. There must be at least two directors representing Office Coffee Services.

The National Board formulates the policies of CAMA and is accountable to the membership for realizing the purposes, goals and objectives of the Association.

A National Executive Committee serves as an integrating body of the Board on all activities of the Association, the Executive provides direction with particular emphasis on:

- Objective Setting & Organizational Planning
- Programs & Services
- Operating Structure and Staff Roles & Responsibilities
- Reporting Lines and Relationships.



## CAMA Membership

Membership in the Association is open to any company actively engaged in the business of owning, leasing or operating machines for the vending of merchandise and/or office coffee service; or in the business of manufacturing, selling, or supplying vendible and office coffee products; or in the business of manufacturing, selling, or supplying, or servicing vending and office coffee machines and related equipment. (Detailed descriptions of Operator and Supplier members may be modified at any time under the new 2014 Canada Not for Profit Corporations Act).

Member companies are entitled to all membership privileges, including the right to hold office and to vote at Regular, Special or Annual General Meetings of the Association. Membership benefits include all CAMA services including a company profile on the CAMA website.

### CAMA Membership Breakdown

Operator Members - 57%, Supplier Members - 43%

**Percentage by province:** Ontario – 37%; Quebec – 22%; British Columbia – 11%; Alberta – 11%; Newfoundland & Labrador – 3%; Nova Scotia – 2%; New Brunswick – 2%; Manitoba – 2%; Other - 2%; International – 8%

## CAMA Activities

### Annual Trade Show & Education

The CAMA Expo has been the Association's flagship event for 57 years. It rotates annually between West, East and Central Canada. The Expo offers many opportunities for Exhibitors to position their company as a leader in the Canadian vending and office coffee service industry, and for Operator members to bring themselves up to date on industry products and practices and to participate in networking and educational sessions. Regional social events with an educational component are currently being developed due to interest from industry stakeholders.

### Canada Night Reception

The Canada Night Reception is held in conjunction with the NAMA One Show.

### Regional Golf Tournaments

Golf tournaments hosted by regional committees are held annually in Atlantic Canada, Central Quebec and Southern Ontario.

### Communications

CAMA communicates with its members via email broadcasts, web postings, social media and through print vehicles such as the Canadian Vending & Office Coffee Service Magazine.

CAMA has branded the Association as *Serving the professional vending and office coffee retailers of Canada* and carries this tag line on all print materials.

## Industry Challenges and Key Issues

**Lobbying and Government Relations are key CAMA activities.** The main challenge Canadian operators face with currency change is the regularity with which it happens.

**The Bank of Canada** has adopted bank note changes on approximately a 7 to 8 year cycle.

**The Royal Canadian Mint** makes material composition changes less frequently. However, the recent change to Multiply Plated Steel coins reduced the secure recognition (electromagnetic signature) of these coins compared to the previous generation of Canadian coins. The coins visible security features were improved for traditional retail counterfeit detection but are not used in the validation of coins via electronic coin accepting devices.

The overarching CAMA goal is to minimize the cost of industry transitioning to accept new currency, and to ensure that there are no negative long term effects associated with new currency (i.e. reduced security through vending payment devices).



CAMA is proud that with several years of engagement with the Bank of Canada and a longer relationship with the Royal Canadian Mint, we have successfully delivered large savings to the vending and office coffee service industries by coordinating the launch of the \$1 and \$2 coins in 2012 and the launch of the \$5 and \$10 bills in 2013. These two examples have saved tens millions of dollars in labour resources alone by not having to conduct two additional software changes at each machine nationwide.

CAMA collaboration with the WVA and their Coin Technical Group also resulted in the redesign of the \$2 coin to incorporate more secure materials to protect against fraud.

**Health & Nutrition (healthy choice; vending in schools)** - Provincial governments across the country are responding with mandatory and voluntary guidelines on food and beverage sales, particularly within the school environment. However, vending operators and schools relying on revenue from vending sales may ultimately lose out in these situations until consumers fully embrace healthier food choices.

British Columbia has taken the strongest stances in Canada as part of its provincial strategy to reduce health-care costs. In 2008, it implemented mandatory guidelines to eliminate sugary and processed foods and beverages in all public buildings, including in public schools and post-secondary institutions, hospitals and all provincially funded public buildings. British Columbia's Ministry of Health helped develop the Nutritional Guidelines for Vending Machines in Public Buildings, to ensure that all vending machines meet the criteria for healthy food options. Vending machines in public buildings are not permitted to offer any items from the "Not Recommended" or "Choose Least" categories outlined in the Nutritional Guidelines and at least 50 per cent of the food and beverage choices must be from the "Choose Most" category.

In Nova Scotia, Prince Edward Island and New Brunswick, the provincial governments have mandatory guidelines that allow only "maximum" and "moderate" nutrition choices in vending machines within public schools. In Nova Scotia, this also extends to health-care institutions.

On Sept. 1, 2011, all Ontario public schools were required to ensure that food and beverages sold in all venues, including vending machines, met the nutrition standards set out in the province's School Food and Beverage Policy. The policy requires that no less than 80 per cent of food and beverages sold in Ontario public schools is from the "Sell Most" category, representing the healthiest options, while no greater than 20 per cent of food options are from the "Sell Less" category, representing foods and beverages with slightly higher amounts of fat, sugar, and/or sodium than those in the "Sell Most" category.

The provincial governments of Alberta, Saskatchewan, Manitoba, Quebec and Newfoundland and Labrador have voluntary guidelines in place for public schools, where healthy options are identified and recommended, but are not yet mandatory. The Yukon has a vague mandatory policy in place that includes Canada's Food Guide to Healthy Eating and First Nations traditional foods. The Northwest Territories and Nunavut do not have any standards in place.

Several provincial governments have reached out to CAMA, requesting dialogue when developing nutritional guidelines, which is a positive sign for the industry.

**Electrical & Other Standards (Energy Star & Ground Fault Protection)** - In late 2006, the Federal Government passed legislation regulating the types of vending machines that could be imported into Canada for purchase. The purpose of instituting the Canadian Energy Efficiency Regulations was to legislate the reduction of energy use within a wide variety of industries.

The Canadian Standards Association in conjunction with the NEC mandate that cord-and-plug-connected vending machines must include a GFCI as an integral part of the attachment plug, or within 12 in. of the attachment plug. Older machines that aren't so equipped must be connected to a GFCI-protected outlet. CAMA will stay vigilant to address the Canadian Natural Resources Ltd initiatives.

**Low Lead for Coffee** - With the introduction of the revised SDWA in the U.S. and its effective date of January 4, 2014, Health Canada addressed the issue by working with the ASME and CSA standards committees to make amendments to the materials section of the standard to reflect the new 0.25% weighted average lead content requirement through the codes and standards system.



In Canada since there are no federal or provincial and territorial laws specifically related to lead in plumbing products, the emphasis reverts to the National Codes via products standards and the Canada Consumer Products Safety Act.

**Bilingual Labeling** - This is of particular importance to Canada as the country is officially bilingual. Under the Consumer Packaging and Labeling Act, special federal packaging and labeling requirements have to be met for pre-packaged food products and most consumer items exported to Canada. Bilingual labeling in English and French is required on all consumer products. The regulations provide for placement of identification data, identification of the manufacturer, product information and standard quality disclosures.

Operators face the challenge of not being able to access /import a broader range of vendable products, from the US or other countries, as a result of this regulation.

**Environmental Campaigns in Ontario Schools** - Writing campaigns are being targeted at school boards to request that bottled water be removed from the vending machines and/or not served in bottles at meetings and events

The position is that single-use plastic water bottles are a very common product in Canada. These items not only use a lot of energy and create waste, but they also privatize a vital resource - water. Bottled water free campaigns encourage students to reduce their impact by using a reusable water bottle, learn about the benefits of tap water, and take a stand against water privatization.

CAMA supports the recycling and packaging views of the Canadian Beverage Association. They define two primary recycling strategies that are being used to recover beverage containers from the waste stream-mandatory deposit programs and comprehensive recycling programs.

**Equipment Recycling Protocols in the Province of British Columbia** - Under British Columbia's Recycling Regulation, beverage brand-owners are financially responsible for the recovery of refrigeration units that exhibit their branding or are owned outright by the beverage company. The justification for the BC government states that a very high percentage of non-alcoholic beverage vending and refrigeration units in BC are owned and operated by Coca-Cola Canada Ltd., PepsiCo Beverages Canada Ltd., Red Bull Canada, and Cott Beverages Canada. An initial survey of these companies revealed that collectively, they operate 43,672 units in British Columbia (10,778 vending machines, 24,944 coolers and 7,950 fountain units).

The existing EOL management policies developed by CBA members have yielded an exceptionally high recovery rate for refrigeration units. If history is any indicator, BC regulations ultimately immigrate to other provinces across the country. CAMA continues to monitor these activities and participates in discussions with operator members in BC to understand the effectiveness of this stewardship program.

**Taxation** - In the fall of 2010 the CAMA board of directors retained a professional tax consultant to request a GST/HST Interpretation regarding the application of the point-of-sale rebate on prepared food and beverages in Ontario as related to vend products.

## Industry Trends

Canadian Vending Machine Operators suffered recessionary losses and failed to keep pace with shifting consumer tastes, and as a result, the industry's revenue has fallen at an annualized rate of 1.5% since 2008.

2014 represents an unprecedented year of change for the Canadian vending industry. The vending industry has survived for many decades with only minor changes. The type of items vended were limited by the coins customers carried in their pockets and no one cared too much about the products that were dispensed. Modern payment technologies and the transformation of vending machines from simple mechanical devices to sophisticated computers with advanced communication capabilities and digital displays has now become the new reality for vendors who wish to meet the demands of their customers. We have identified eight major trends that all participants in the vending business will need to follow in 2014.



1. **Government legislation for healthier snack options in vending machines.** As public awareness of the advantages of a healthy diet in the prevention of many common diseases and conditions including obesity, diabetes and wheat allergies grows and technology advances, new pressures on vending operators have emerged.
2. **Consumer demand for vending machines to meet specific dietary needs** and personal snack preferences. Operators of healthy vending machines are increasingly called on to stock snacks to suit specific dietary needs as well as personal preferences. Gluten-free, dairy-free, low-sugar, vegetarian as well as organic snack options continue to make strong strides in the vending arena
3. **Interactivity** - Technology has pushed the demand for interactive vending services. Touch screens, smartphones and social media have changed the way consumers interact with all devices, including vending machines. As consumers call for greater variety and healthier products, vending machine operators now have new and innovative technologies to help meet these demands.
4. **Remote monitoring** - With remote monitoring, vending operators can have access to their total sales, the sales of each snack selection as well as a breakdown of cash and cashless sales, all from off site. Remote monitoring has the potential to match product ordering with actual sales in a way that was never possible in the traditional vending world.
5. **Cashless sales** - Cash represents a decreasing share of retail purchases in Canada. Debit and credit sales accounted for over 80% of retail transactions in 2010. Canadians are used to carrying less cash and expect to have a cashless option for most purchases. The use of credit is becoming an established form of payment in the vending industry.
6. **Mobile Payments** - Another huge opportunity for the vending industry is the emergence of Smartphone payment systems for Canadian customers. Although still in its infancy, vendors will be wise to include mobile in their future plans. One indication of the growing appetite of Canadian customers for this new technology is the surprising success of mobile payments at giant coffee retailer, Starbucks. Eleven percent of sales at their locations now use their proprietary mobile payment app.
7. **Higher value items** made possible by cashless vending and remote monitoring - High value items have been available in vending machines on a limited scale and, like the iPhone vending machines, are more about product placement than a viable sales channel. The introduction of secure debit and credit devices, mobile payments and interactivity have now created an opportunity for vendors in every market to look at the possibility of offering customers the kinds of high value items that would have been unthinkable a few years ago.
8. **Micro-Markets** - One main impact of the trend toward automation is an evolving meal and grocery shopping experience. Micro-markets are a growing segment of the vending industry but at a slower rate than in the US. However, there is strong interest in the micro market segment with projected double digit growth in 2014.

## Profile of Canada

### Facts about Canada

**Population:** 35.3 million

**Capital:** Ottawa

**Largest city:** Toronto

**Major languages:** English, French (both official)

**Area:** 9,984,670 sq km (Land - 9,093,507 sq km, Water - 891,163 sq km)

**Monetary unit:** 1 Canadian dollar = 100 cents

**Main exports:** Machinery and equipment, automotive products, metals and plastics, forestry products, agricultural and fishing products, energy products

**Motto:** "A Mari Usque Ad Mare" (Latin) - "From Sea to Sea"

### Facts about Canada's Economy

- Canada now ranks third in the world in proved oil reserves behind Saudi Arabia and Venezuela.
- Canada is the second largest country in the world after Russia. However, its population is only about one-fifth of Russia's.
- Nearly 90% of Canadians live within 200km of the border with the United States.





- The relationship to its powerful neighbour is a defining factor for Canada. The US and Canada have the world's largest trading relationship. The 1989 US-Canada Free Trade Agreement (FTA) and the 1994 North American Free Trade Agreement (NAFTA) (which includes Mexico) touched off a dramatic increase in trade and economic integration with the US, its principle trading partner. Canada enjoys a substantial trade surplus with the US, which absorbs about three-fourths of Canadian exports each year. Canada is the US's largest foreign supplier of energy, including oil, gas, uranium, and electric power.
- As a high-tech industrial society in the trillion-dollar class, Canada resembles the US in its market-oriented economic system, pattern of production, and high living standards.
- Since World War II, the impressive growth of the manufacturing, mining, and service sectors has transformed the nation from a largely rural economy into one primarily industrial and urban.
- Buffeted by the global economic crisis, the economy dropped into a sharp recession in the final months of 2008, and Ottawa posted its first fiscal deficit in 2009 after 12 years of surplus. Canada's major banks, however, emerged from the financial crisis of 2008-09 among the strongest in the world.
- In addition, the country's petroleum sector is rapidly expanding, because Alberta's oil sands significantly boosted Canada's proven oil reserves.

#### Current Economic Condition

• GDP (purchasing power parity):	\$1.518 trillion USD (2013 est.)
• GDP - per capita (PPP):	\$43,100 USD (2013 est.)
• GDP - real growth rate:	1.6% (2013 est.)
• Gross national saving:	21.5% of GDP (2013 est.)
• Industrial production growth rate:	1.4% (2013 est.)
• Labor force:	19.08 million (2013 est.)
• Unemployment rate:	7.1% (2013 est.)

Canada's economy expanded at a 2.9% annualized pace in the fourth quarter of 2013 building on the third quarter's 2.7% increase.

#### 2014/15 Canadian Economic Outlook

After four years of growth being driven by the household sector, Canada's economy is about to undergo a shift as the strengthening in the global economy fuels demand for Canadian exports. A hint that the transition has started was found in the Bank of Canada's January *Business Outlook Survey* as firms reported a rise in orders from outside of Canada relative to a year earlier. Further, the survey showed an increase in the number of firms that intend to increase investment in capital goods and employment over the year ahead. Not only will the drivers of growth switch in 2014 but the pace of economic activity will accelerate following a two-year period of sub-potential increases. We expect Canada's economy to grow by 2.5% in 2014 and 2.7% in 2015.

Information sources:  
 IBIS  
 Royal Bank of Canada  
 Statistics Canada  
 Canadian Vending Magazine  
 Canadian Beverage Association

#### *Royal Canadian Mint Testimonial Quote:*

*"As the voice of the vending industry in Canada, the Canadian Automatic Merchandising Association (CAMA) worked closely with the Royal Canadian Mint which enabled a smooth introduction of the new generation multi-ply plated steel one and two-dollar coins in April 2012. Senior management at the Mint was engaged with the CAMA Board of Directors on this important initiative for over four years prior to the launch, listening and adapting designs and timelines based on our members' concerns, while providing frequent updates in person at our annual conferences. Although not a widespread problem in Canada, the inclusion of the increased security features of the new coins making them harder to counterfeit is also welcome news to the vending industry. The success of our open dialogue resulted in our industry members being provided with ample time to calibrate their coin acceptors prior to the release of the coins into circulation."*

CAMA - April 2014

