1990, High Street offerings, delis, and homemade snacks are now influential contributors to snacking habits.

Therefore, the need for the Refreshment Hub within the business has been twofold.

Firstly, it was implemented to ensure that Express Vending remains competitive within the marketplace, and delivers a product that will complement and enhance its existing refreshment solutions. As such, Express shifted its strategy away from basic operational logistics of “filling and cleaning coffee and vending machines” and instead, has adopted a more retail-focused approach in order to suitably cater to the growing diversity of the millennial workforce. Over the past two years Express has invested in research and analysis of the ever-changing consumer trends, and has realized that there is a growing demand for diverse product ranges, which cannot be satisfied through traditional vending. As a result, they intend to maximize sales and revenue through increasing the food consumption of users by offering a broader range of products to their customer sites.

Secondly, this initiative was deployed to provide the Express team with a wide range of food choices to ensure they remain industry leaders in employee satisfaction. The Refreshment Hub has gone a long way in helping them achieve high levels of coworker engagement, and has successfully seen staff remain onsite, and socializing during coffee and lunch breaks.

The pricing structure of the Refreshment Hub is similar to that of a fully operated vending or coffee machine that Express operationally manages on behalf of each client. Each bay (or product range) will be charged as a fully operated machine, managed and visited 2-3 times per week (or more, depending on site consumption) by an operating staff member, ensuring that it is fully stocked and cleaned. By providing a dynamic category range, with increased product lines, Express has
experienced significant growth in product consumption. This will, in turn, increase the demand for operational staff - fully supported by their long-term staff growth plans.

The Solution

Express installed an internal fully functioning Refreshment Hub in October 2015, which is open to all staff. Food is provided at a subsidized rate, and the results seen so far have been very impressive.

Maintained by the Express Retail department, the Refreshment Hub is easily managed through their normal fulfillment and replenishment procedures. Over time, the technology has developed to allow streamlined restock methods, enabling their merchandisers to refill products more efficiently. This is due to real-time data providing accurate stock lists, enabling the operator to carry fewer products to site, but in greater volume. The real-time data also informs the location of successful product lines - and lines that are less popular, allowing them to maximize opportunity onsite to manage more successful products and quickly replace stagnant items.
The Results

Through this effective retail management the growth in sales has been phenomenal. The amount of products sold in the Refreshment Hub increased 57% in its first business quarter, compared to the previous period when vending was the singular onsite refreshment solution. Through active category management, the Refreshment Hub sales in the second quarter saw an 84% increase. As staff continues to utilize this new concept, sales continue to grow. Express has also noted a significant reduction in the number of team members leaving the office during lunch. The Refreshment Hub has subsequently boosted the workforce productivity, as well as employee satisfaction and engagement.

Express has incorporated the Refreshment Hub into their Employee Rewards Program, which has also boosted staff engagement. Employees who meet their monthly KPIs are awarded spending money for the Refreshment Hub. This has been greatly embraced by Express employees, and is one of their most cost-effective rewards programs.

More Products = More Sales

The Hub has an extensive product range, stocking up to 390 various lines. This has influenced the noticeable sales increase of almost 50% in the last 7 months, and the rising number of average units per transaction from 1.49 to 1.65. As a result, employees are opting to remain onsite more frequently, in lieu of eating out - content with the new selection of snacks and healthy treats.

Healthy Options Take Top Spot

Despite previously heavy reliance on vending machines, Express has seen a dramatic shift in snacking habits. Employees have moved away from traditional chips and chocolates, and the most popular products are those that cannot be sold via traditional vending, such as bananas, apples, porridge, and satsumas.
Figure 1 illustrates the dramatic upsurge in consumption, thanks to the inclusion of healthy food that suits an individual’s needs and appetite. Employees want chilled, fresh food which fits in better with their busy, health-focused lifestyles, rather than conventional vending products.

![Changing Eating Habits](image)

*Figure 1. 2016. (Courtesy of Express Vending.)*

The inclusion of healthy food has led to a rise in-office snack consumption: people are finally able to choose snacks that suit their appetites.

As the Hub provides full visibility into the food choices of employees, Express was able to tailor their product choices to employee requests. Figure 2 below shows the product allocation in the Hub, and by default, the most popular and requested items.
Measurements Of Success: Financial, Environmental & Social

Financial
Financially, Express has observed a change since the Refreshment Hub was introduced to their business. Their average monthly revenue has increased 59%, from approximately £1,800 per site (through traditional vending means) to £2,900. They predict that this growth will continue as they expand their product range. They have also noted a reduced cost of operations; the average visit time has been halved from 20 minutes to just 10 minutes per bay - reducing their overall labor cost.

Environmental
The Refreshment Hub has had a significant impact on Express Vending’s environmental impact. Express has streamlined merchandiser visits onsite with products: previously a market restock would require replenishment of 15 to 20 units, but they now replenish between 300 to 1,000 units per site. Streamlined visits have enabled their business to plan longer but less frequent restocks, reducing staff’s weekly travelling time, and reducing carbon emissions.
Furthermore, Express has reduced energy waste by no longer chilling ambient products unnecessarily, as vending machines do. They can track wastage figures, and reduce stock through sales rather than disposal by utilizing promotional pricing and interactive messaging. Express only uses top-of-the-line AA+ energy-efficient chillers, and all lighting in the Refreshment Hub is LED. These tools increase product shelf life to longer than that of a vending machine, with decreased part maintenance and refurbishment requirements.

Social

The social impact of the Refreshment Hub has been extremely encouraging, as well. Not only has Express noted increased use of their office facilities, but they have also seen improved communication across departments as staff members use the ‘break-out’ area to congregate and socialize during their lunch hour and coffee breaks.

Customer Evaluation

Internal Micromarket

To encourage further usage, Express intends to maximize opportunity by harnessing growing market trends, offering additional product lines that cater to a variety of needs such as:

- Coconut water
- Dairy-free diets and milk alternatives such as almond milk
- Gluten-free diets
- Increased variety of flavored water
- Protein-rich items
- Zero-sugar sports drinks
- Natural energy drinks
Additionally, future opportunities for the Refreshment Hub are unlimited as it deploys a technology platform that can engage with users in numerous ways. In the future, Express will look to:

- Implement a rewards loyalty program for top customer spenders, which will be linked with application software.
- Run timely promotions and meal deals.
- Reduce waste by decreasing product pricing near close of business.
- Link to My Fitness Pal and other nutritional apps that help track daily nutritional intake.

**External Locations: Future**

Express Vending believes that the Refreshment Hub will add the most value to a company with canteens or caterers, which incur high monthly costs and often receive limited use as a result of poor range of choice. Furthermore, onsite restaurants take up valuable space and are being used less by employees as they rarely fit the dietary requirements of the modern workforce. Basic vending machines, while still popular, only hold a limited inventory, stocking around 30-35 product lines.

Express has currently identified around 50 customers and prospective customers that they feel could benefit from upgrading from vending to the Refreshment Hub and expect to sell 20-30 throughout 2016 and 2017, creating a substantial additional revenue stream for their business. They then intend to approach companies with staff of 50-300 within London and The Home Counties that currently have a canteen setup, and would benefit from an increased product range to suit their diverse and demanding workforce.

**Conclusion**

With a successful 6-month debut, the Refreshment Hub has allowed Express Vending to fulfill their mission of providing an innovative, retail-refreshment solution to their staff and clients. This alternative concept provides a varied category range that
incorporates all food groups, and has been designed with the end user in mind. It is simply a solution that gives the employee more choices and therefore more gratification.

Resources


