

Experienced in a variety of businesses, Dan Case sees lots of new products and equipment that make bulk vending a great business to be in today

Entrepreneur finds a lot to like about bulk vending

Dan Case has tried his hand at a lot of businesses — carpet cleaning and installation, janitorial service, tool and shop equipment sales, jewelry buying and wholesaling, you name it. He likes selling, he likes competing, and he likes delivering on his promises. But nothing has been as much fun for him as bulk vending. "It's really grown on me," he said. Bulk vending is a creative business, and a service that more and more retail establishments are paying attention to. "I like the different people I meet. In this business, you have hundreds of customers — from 'moms and pops' to corporate executives. My favorite thing is to develop new business with people who have never had the machines before."

Like it he must, seeing how far he's come in such a short time. Case placed his first four machines in 1991 on an experimental basis. Today, his company, Tejas Distributors Inc., services locations in Texas, Arkansas, Oklahoma and Louisiana. He learned early on that the secret to success in bulk vending is volume; the more accounts you can service, the better quality equipment and product you can provide. And the more

volume you purchase, the better your profit.

Case was involved in various enterprises when he started thinking about bulk vending. Noticing the machines in retail establishments, he suspected the bulk vending business was one that could be built in small steps; one machine at a time.

Pursuing the newspaper classified ads, Case bought four, three-column plastic machines

from a woman who had purchased them at a business opportunity show. He placed three in Austin and one in San Antonio, all in 24-hour family restaurants. He bought his candy at Sam's Wholesale Club, basing his selections on what he'd noticed in other machines; Chicle gum, M&M Peanuts and Runts. "They did so well, I thought I'd take the profits and buy some more machines." Case was on his way.

Charities were being scrutinized

He stayed active in his other businesses while he gradually added his bulk vending machine placements in the Austin and San Antonio markets. "I do most of my own sales. I have never hired a locator." As he solicited accounts, he noticed lots of charity machines. Fortunately for him, charity promotions were getting a lot of negative publicity. National and local television stations were broadcasting reports critical of promotional charities. Case used this to his advantage.

"At about that time several different TV programs were really exposing the charity programs." Many of the locations were cluttered with charity machines, and the proprietors were glad to have a reason to get rid of them. Particularly when a guy like Case came along offering a commission. "The Texas market was so saturated that a lot of the business owners decided they could have only one company. That company could provide the same service as five vendors and they, the location, could receive a portion of the revenues and eliminate the clutter."

Persistence necessary

Case's closing rate was 85 percent. Not that door-to-door sales is easy. What Case has going for him is persistence. "A lot of times appointments work best," he said. "I go from jeans to a suit," depending on the location.

In 1992, Case incorporated his bulk vending company and dedicated himself to it full-time. He was still strictly dealing in candy, and was not yet in the market of serving large chain accounts. He had yet to attend an NBVA convention. He was, however, buying from dedicated bulk vending distributors. "I decided, after about a year and a half of playing around in it, to really

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Dan Case has found many locations previously closed to bulk vending operators now willing to have the machines on their premises. He gives some credit to vending management companies.



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go after it," he said.

His first break into the mid size market came in 1994 when he landed a small supermarket chain. He had 1,000 machines at hundreds of locations, and was still doing it all himself. He knew the supermarket chains were his ticket to the next level. But these larger accounts with double rows of 9-machine racks were controlled by the large, established vendors. "I knew there was a niche in the smaller chains," he said. He set his sights on one chain. It took persistence and patience.

Machines not an account's priority

The first person he approached told him to call someone else. That someone else rarely had time for him. Eventually, the contact said he'd get back to him in a couple of months. "He didn't want to bother with it," Case recalled. "To a lot of places, gumball machines are certainly not a priority. They're always busy doing what their main focus of their business is."

But Case's persistence paid off, and in time, the chain gave him permission to put his machines in 13 of its stores. "I did a fine job. It was more personal service. After six months, they decided to

remove the other vendor." The other vendor had not updated the machines in several years.

Case made a practice of collecting the money from each machine in front of the store manager, then handing him a receipt to be signed. This is a practice he has written into his location contracts.

Expansion into novelties

The supermarket account took Case into the capsule toy business. He quickly realized that to make a good profit on toys, he needed to buy in large volumes so that he could have the capsules filled himself rather than buying filled capsules. "I started aggressively getting as many large accounts as I could to get my volume. I had to get to a level so we weren't buying filled capsules."

Case brought on his first employee shortly after winning his first supermarket account, whom he trained to run a route.

Shortly after winning the account, he attended his first NBVA convention, the Beverly Hills convention in 1994. He met several key people. "The big plus was people like Don Lemke from Advanced Manufacturing. He was able to give me insight from being in the industry for 30 years." He also met Brian and Steve Kovens from A&A Co./Parkway Machine Corp., his principal product suppliers. "They did a lot of things that most folks wouldn't do. They opened up a lot of doors."

Expansion into tattoo machines

In 1995, Case expanded into the sticker tattoo business and the kiddie ride business, both of which have been lucrative. That year at the Miami Beach convention, Case was introduced to the kiddie ride industry. Tom Theisen of Theisen Vending Co. sold him his first three rides. It was a positive experience. "Tom encouraged me to be a company that is diverse in its line of equipment, and to take advantage of each location by offering another service."

At that same convention, Case came across his first sticker tattoo machine. "Marty Glucksman and Richard Sidorsky of Steiner Manufacturing encouraged me to try some machines in several locations. This segment of the bulk vending industry proved quite successful due to the many licensed and top-quality products now available. These individuals certainly have been a key to our success with these machines.

"Now, all of a sudden, with all the licensed products, the sticker tattoos are really coming into their own," he said. "Now we've got dozens of great products." Hot licenses include NFL, NBA and Looney Tunes.

Customized equipment sought

Large chains sometimes ask for customized machines. "It's becoming more so. That's the

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wave of the future. That’s what it’s taking to get into those locations you never were able to get into before.” The downside: “It’s very expensive for an operator like myself.” Moreover, you have to repaint the machines and remove the custom logos if you lose the account.

More locations available now

Shopping centers are among the locations that have only recently opened their doors to bulk vending and kiddie rides. These are good accounts, Case noted, but very demanding. If a machine is not working, they expect it to be fixed in a matter of hours. “They know they’ve got the cream of the crop (as a bulk vending and kiddie ride account). They charge you well for it.”

Shortly after the 1995 convention, Case established a relationship with Best Vendors, the Minneapolis-based vending management company. Management companies, since they manage accounts on behalf of clients, are a controversial topic within the vending industry. But Case, from the start, has felt Best Vendors has provided a much-needed service.

“They have opened up so many doors that have never been open before,” he said.

Knowledge breeds acceptance

The fact that some major corporations now have bulk vending on their premises gives operators major ammunition when pitching new business, according to Case. “It makes it easy on companies like ours to go to a location that’s never had it before.”

Case began calling on more supermarket and retail chains. This involved talking with store owners, executives, district managers and store managers. Oftentimes, he had to convince them to take time to look at their bulk vending machines.

“I think a lot of it is timing. You have to impress upon them that it’s a very important part of their business to be profitable, and with no investment on their part, you can increase their revenues. That’s the challenge — to get people to recognize that you are in a business that is professional, and it is profitable for their stockholders and their employees.”

Expansion into 50-cent vending

At the 1996 NBVA convention in Scottsdale, Ariz., Case paid close attention to the presentation on 50-cent vending given by Gordon Howell, a buyer for Conover, N.C.-based Eckard Vending Co. (The presentation was reported in the September 1996 issue of *Automatic Merchandiser*, page 66.)

Case experimented unsuccessfully with 50-cent vending in 1995. But after hearing Howell’s presentation, he felt it was time to try it again. Following Howell’s advice, he introduced it to his larger accounts, and has since introduced it to

nearly two-thirds of his accounts.

“There is more 50-cent merchandise available now than before,” he said. “The only areas that we have not been successful with are the lower-income neighborhoods.”

But success doesn’t come without its new set of problems. Now that Case is in a bigger league, he has a different perspective on commissions. “It’s a 10,000-pound gorilla. Bulk vendors are cutting their own throats. Now they (customers) expect to have all these placement fees and very large percentages.”

Outlook positive

But overall, he is optimistic. Equipment is improving, for one thing. He’s been particularly pleased with the spiral gumball machine, the Zipper machine from A&A Co., the Richard Scary Apple Car kiddie ride and the Tri Tower from Machine O Matic Ltd.

“Since I started in 1991, the spiral has come out, the Tri Tower has come out. The sticker laminate tattoo machines have re-emerged with better products. It’s really evolving. It’s nice to be in it.”

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OPERATION PROFILE

NAME

Tejas Distributors Inc.
Kiddie Rides Unlimited Inc.

OWNER

Dan Case

LOCATION

Round Rock, Tex.

GEOGRAPHIC MARKET

Texas, Arkansas, Louisiana, Oklahoma

FOUNDED

1991

NUMBER OF ROUTES

17

ADMINISTRATIVE SUPPORT

1 office manager
1 warehouse manager

SOFTWARE SYSTEM

Custom designed

MAIN EQUIPMENT SUPPLIERS

A&A Co./Parkway Machine Corp.
Advanced Manufacturing Co.
O.K. Manufacturing Co.
Steiner Manufacturing & Sales Inc.
Theisen Vending Co.

MAIN PRODUCT SUPPLIERS

A&A Co./Parkway Machine Corp.
Brand Imports Inc.
Lions Novelty
Peninsula Vending
Prestige Premiums

ANNUAL SALES

Not revealed