

The Complete Guide to Micro Markets

Increase Revenue and Decrease Labor Costs



Starting with the Basics: What Are Micro Markets?

Micro markets are retail environments that don't require employee attendants. Instead, customers can select products from shelves and open coolers then use a self-checkout kiosk or other cashless payment system to complete their transaction.

People often compare micro markets to vending machines because of their similarities in the self-service format and versatile locations. However, micro markets are more complex than vending machines because they offer more options for consumers and create a more positive atmosphere because of the ability to interact with products before selecting items. Customers also tend to prefer micro markets because they have more control over their shopping experience.



Micro Markets vs. Vending Machines

Here's a closer look at how micro markets and vending machines differ and why micro markets are dominating the industry.

Micro Markets

- ✓ Provide open shelving
- ✓ Offer larger assortment of food, beverages, sundries, etc.
- ✓ Are restocked daily
- ✓ Include diverse payment options such as coupons and loyalty cards

Vending Machines

- ✓ Keep products enclosed
- ✓ Restocked on a strict schedule
- ✓ Offer fewer sections
- ✓ Run out of top selling items quickly
- ✓ Use unreliable product dispensers

Micro Markets: A Passing Fad or Here to Stay?

Global challenges have always laid the groundwork for some of the most innovative advancements in society. The most recent challenges faced by industries worldwide were brought on by COVID-19.

However, the retail, food retail, hospitality, healthcare, and education industries have found a solution to many of their new consumer-related challenges by expanding their use of micro markets to offer a convenient and contactless shopping option.

Quick Facts About Micro Markets

26,000 Micro Markets in 2022

In just 7 years the number of micro market locations has increase by ~21,000.

**\$20 Per
Customer**

Average monthly profits.

7.5 Months

Average time to break even on investment.





How Do Food and General Retailers Leverage Micro Markets?

Food and general retail is still a popular location for micro market and vending options because of their convenience. These locations offer an easy place for retail staff to grab a snack during their shift without having to go through long lines and walk down dozens of aisles. It is also a convenient location for shoppers to stop on their way in or out of the store. They can grab a small single-serve snack or beverage in the middle of running errands. Additionally, gas station stores are another popular food retail spot for micro markets that appeals to travelers or workers on their way to the office.

Don't forget: as grocery stores and general retailers continue to blend into one industry (think Target, Kroger, Publix, etc.), your micro market can also sell apparel, gift shop items, and other goods.



8 Benefits of Micro Markets

Micro markets are a substantial investment opportunity for businesses because of their high return on investment (ROI). Here are eight of the most predominant benefits of micro markets and how they are saving companies money.

1

Reduced Labor Costs

Micro markets reduce labor costs because customers serve themselves through kiosks and vending machines. Therefore, businesses have fewer salaries to pay and benefits to provide. In addition, because the system is automated, micro markets are also not as highly impacted by today's labor shortages.

Many of the duties related to micro markets are remote jobs such as supply chain management and financial management. However, even those tasks require minimal personnel as machines can track the inventory and manage the payments through automation processes.

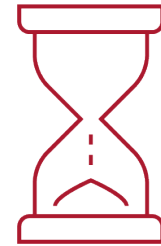


2

Lower Employee Burnout Rate

Reports from Forbes show that 52 percent of workers feel burnout in their careers compared to 43 percent who were experiencing burnout before COVID-19. Burnout usually results from long hours, stressful job duties, or feeling unfulfilled in the workplace. It negatively affects workers' performance and can cause losses in a business because of decreased productivity or frequent callouts.

However, micro markets take many repetitive tasks from employees so those workers can focus on more vital jobs in the company – leaving the more mundane tasks to automation. This can improve overall employee job satisfaction rates.



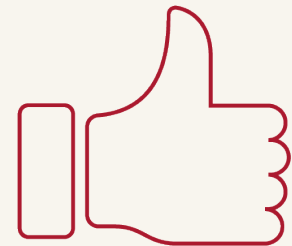
3

Increased Customer Satisfaction

The most common consumer complaints when shopping in brick-and-mortar stores revolve around long wait times and poor customer service. Some examples of complaints include:

- Waiting in long lines to check out
- Unknowledgeable sales associates
- Unavailable store associates
- Too many sales pitches by employees

Micro markets eliminate these issues by putting the customer in charge of their experience. They can view product information for themselves by having access to the products before purchasing. They are also responsible for checking out the items which reduces the number of misunderstandings. Additionally, micro markets have minimal lines and are designed around speedy service. Therefore, shoppers leave with a more positive experience.



4

High Return on Investment

Businesses see a high return on investment when using micro markets because they can reach a broader audience while having fewer costs associated with the setup. Most companies agree that micro markets are less of an investment than traditional vending machines. Additionally, companies can also charge more for the products they sell in a micro market – yielding a higher ROI. On average, micro markets receive 17 percent back in profits compared to 1.15 percent from vending machines.



5

Limited Exposure to Germs

Consumers are becoming more aware of their health and are trying to limit unnecessary germ exposure to protect themselves from COVID-19 and the seasonal flu. Micro markets appeal to this trend by offering a contactless solution for buying essential items when on the go.



6

Wide Assortment of Available Goods

A micro market can hold anywhere from 150 to 400 products which is much higher than a traditional vending machine with an average of 40 different products. Additionally, micro markets can hold more oversized items and products which is different than traditional vending machine offerings. For example, micro markets can have fresh coffee, large food items, fresh produce, full meals, apparel, and other products that wouldn't fit inside a small vending machine.



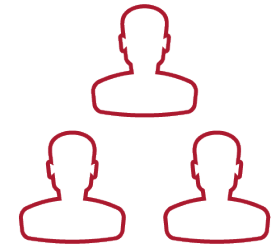
7 More Versatile Locations and Availability

Because of the compact structure of micro markets, they can fit in a variety of locations. Micro market operators can also choose from different types of equipment to accommodate their desired space. In addition, these automated shops are available 24/7 or as long as the business they are operating within opens its doors. This is another contributing factor to a micro market's more significant ROI as it can run longer hours than traditional stores.



8 Broader Customer Base

These flexible micro markets will broaden a business's customer base beyond those who traditionally visit free-standing stores. For example, micro markets can reach people in care facilities, schools, and workers in offices looking for healthy and convenient snacks and beverages.



In addition to more customers, micro markets can reach a different niche of current customers because of their broader selection. For example, vending machines cater to those who need quick snacks regardless of the nutritional factor. However, those that would prefer to eat healthy snacks now have a convenient location for purchasing fresh items. According to Forbes, 54 percent of consumers care more about healthy food choices today than they did ten years ago, making the health niche a valuable market.

The Best Products to Sell at a Micro Market

Several of the benefits of micro markets centered around their vast array of convenient products and how those products help consumers live a healthier lifestyle. Here is a closer look at some specific examples of items operators often put in their micro markets.



Full Fresh or Frozen Meals

While vending machines are restricted to small snack items, micro markets have expanded to offer more oversized food items such as entire meals. Full meals are ideal for workers taking a quick lunch break or children in school who don't pack their meals. Some examples of typical meals include:

- ✓ Deli sandwiches and wraps
- ✓ Salads and veggie plates
- ✓ Pasta or rice dishes
- ✓ Microwavable meals



Healthy Snacks and Fresh Produce

Since micro markets often replenish their stock daily, they can offer fresher options for customers. Here are a few snacks that are popular in micro markets.

- ✓ Fresh fruits and vegetables
- ✓ Energy bars and granola bars
- ✓ Brain food like nuts, pretzels, and chips
- ✓ Candy bars, pastries, and packaged desserts



Impulse Buys

Impulse buys are products that supermarkets will often keep next to the register. Consumers don't usually take a trip to the store for these items but will grab a few while checking out because of their convenient location. Here are some examples of impulse buys that micro markets can also keep in stock.

- ✓ Chewing Gum
- ✓ Mints
- ✓ Chapstick
- ✓ Sweets



Beverages

Beverages keep consumers hydrated and give them an energy boost throughout the day. They are also the most popular products that consumers buy at micro markets. A few of the most popular beverages consumers often purchase from micro markets include:

- ✓ **Coffee** that is either freshly brewed in the micro market or available in cans and bottles
- ✓ **Soda** such as Coca Cola, Dr. Pepper, Fanta, Pepsi, and Ginger Ale
- ✓ **Energy Drinks** including Red Bull, Monster, and Rockstar as well as natural energy drinks like Matcha, V8, and Yerba
- ✓ **Water** such as alkaline water, flavored water, sparkling water, boxed water, vitamin water, and coconut water
- ✓ **Dairy** or dairy substitutes like oat milk, chocolate milk, lactose-free dairy, soy, and almond milk
- ✓ **Healthy beverages** like teas, organic juices, protein drinks, and vitamin beverages



Non-Food Items

Consumers also appreciate micro markets for the non-food items they can offer. In addition, the large shelving areas are ideal for stocking everyday products consumers might need on the go because they forgot the item at home, lost the item during the day, or want to avoid a trip to a giant supermarket to buy a single product. Here are some ideas of non-perishables to stock in a micro market.

- ✓ **Simple apparel** like t-shirts, hats, flip flops, gloves, and sunglasses
- ✓ **Toiletries** like toothbrushes, toothpaste, hairbrushes, deodorant, hand lotion, and razors
- ✓ **Over-the-counter medications** like Tylenol, Advil, and Tums
- ✓ **Electronics** like charging cables, headphones, and batteries



Self-Checkout: 4 Contactless Options

After customers finish their shopping, they pay via a contactless self-checkout kiosk. There are four main variations of micro market payment kiosks.

Which one is right for your staff and customers?

1. Cash Payment Kiosk

With cash kiosks, customers insert paper bills or coins into a kiosk which then returns the change by a dispenser. This payment system has remained in effect because it gives customers a feeling of familiarity and security. However, it does require more maintenance to manage the cash in the machine and count the deposited bills.

2. Prepaid System

Through a prepaid system, customers can manage their account balance online then use those deposited funds to make purchases using a card, badge, pin, fingerprint, or other identification methods. This method is ideal for workplace micro markets that give employees a spending stipend. It is also a way to encourage customer loyalty.

3. Mobile Payment

Businesses can continue encouraging contactless service by employing a mobile payment system. Tools like Apple Pay, Android Pay, Samsung Pay, Visa Checkout, and MasterCard Contactless offer a way for customers to pay just by holding their mobile device like a smartphone or smart watch near the checkout kiosk.

Current trends showed that there were 92.3 million NFC (near-field communication) mobile payment users in 2020, according to TechCrunch. This number is predicted to rise to 125 million users by 2025. Micro market owners that want to use this method should also continue offering other payment options like credit or debit cards as a large portion of the population still hasn't fully adopted NFC payments.

4. Credit and Debit Cards

Credit and debit cards are also the most popular way for consumers to shop at micro markets, accounting for 49 percent of transactions, according to Vendor Market Watch. This swipe-based or chip insertion method is fast and convenient for customers, but, unfortunately, it is also associated with multiple merchant fees that can quickly add up.



Contact Us



Toll Free 1.800.762.8186
Mon – Fri 9am – 6pm ET



customercare@retailresource.com



retailresource.com
Mon – Fri 9am – 6pm ET

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