



PATRICK SNYDER

STATE REPRESENTATIVE • 85th ASSEMBLY DISTRICT

Testimony in Support of AB 536- Micro Markets

Chairman Neylon and fellow members of the Jobs and the Economy Committee, thank you for the opportunity to testify in support of Assembly Bill 536, a bill that will add statutory language to regulate micro markets in Wisconsin.

In a world where we continue to see demand for more nutritious food options, micro markets are a growing solution for employers who look to provide employees with more choices. Micro markets first came on the scene in 2010 and truly have taken off since- there are now more than 600 established in Wisconsin and there is demand for employers to add more.

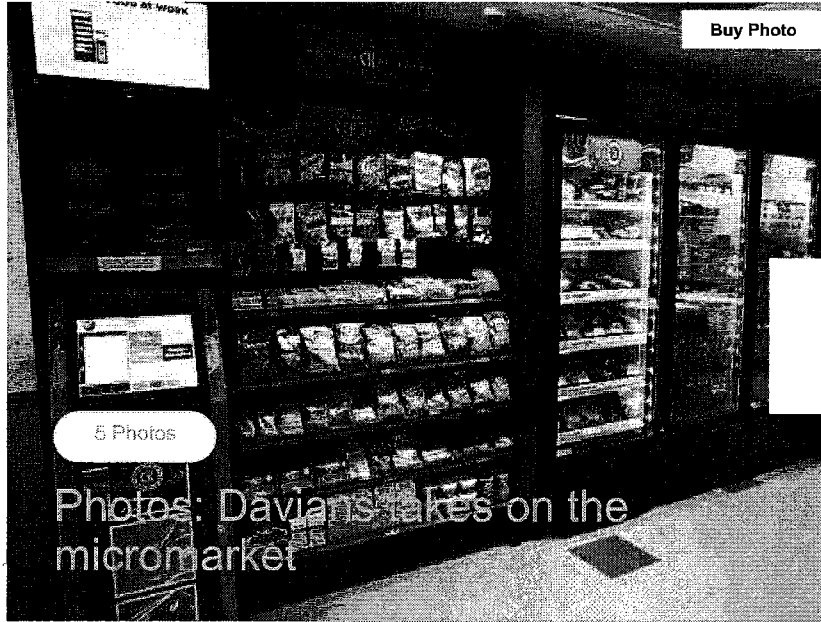
Micro markets are indoor, unstaffed, self-service kiosks that provide a wide variety of food and beverages to groups of people, such as employees, in an area that is only accessible by them, such as a company break room. A wide array of food and beverage options can be displayed and sold in the markets, including options that are refrigerated- such as fresh fruit, salads and even lunch and dinner entrees.

Currently, there are no statutes that regulate micro markets. These facilities are considered “uncharted territory” given that they do not have any sort of classification. In order to provide proper regulation to protect the public, this legislation has been crafted with the input of DATCP, which is the agency responsible for issuing the license to retailers, and with the retailers themselves. Due to the increasing presence and demand for these facilities, we need legislation that will harmonize the licensing fee and regulation process across all areas of the state.

I would like to thank DATCP for working with Senator Petrowski and me to address the need of regulating these unique facilities. As micro markets continue to expand across Wisconsin, it is important we have the necessary regulations in place to protect both the consumer and the retailer.

Micromarkets replace break room vending machines

Joe Taschler, Milwaukee Journal Sentinel | Published 10:24 p.m. CT Oct. 12, 2016 | Updated 10:31 p.m. CT Oct. 12, 2016



(Photo: Michael Sears / Milwaukee Journal Sentinel)

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Menomonee Falls — The break room is giving way to the bistro.

Driven by trends that range from Americans demanding more nutritious food choices to a tightening labor market, companies across the U.S. are seeking to enhance their break rooms and,

in the process, are creating opportunities for food and beverage companies to grow significantly.

"It's exploding," said Brad Bachtelle, president of Bachtelle & Associates, a Palm Springs, Calif., national consulting and research firm that focuses on specialty segments — including the at-work segment — of the food service industry. "It's the fastest growing segment in food service.

Davians, a second generation family-owned food and beverage company based in Menomonee Falls, has locked onto the trend, said Tim Taylor, the company's chief executive officer, who started out as a vending route driver at the firm 20 years ago.

The strategy involves installing what are known as "micromarkets" in places where vending machines tend to dominate.

Micromarkets are mini-markets that offer food you might find at a bistro or deli. The markets are essentially self-service, cashless mini-stores.

"We're continually tweaking this concept," Taylor said. "It just continues to evolve."

Davians has a commissary staffed with a team of people who make fresh food offerings daily for the 45 micromarkets that the company serves throughout southern Wisconsin, Taylor said. The company's route drivers then deliver and stock the fresh-made products at the micromarket sites.

"We believe in the system and try to convert existing clients from traditional vending to a (micro) market concept," Taylor said. "We believe it can enhance your break room experience."

So, apparently, do a lot of other people.

Bachtelle says that five years ago there were about 950 micromarkets in the U.S. By last year, there were about 13,000. By the end of this year, he estimates there will be about 17,000 across the U.S.

Taylor said he has seen projections indicating there may be 50,000 such facilities within the next five years.

"It's a dramatic trend in the industry," Bachtelle said.

The markets generally use barcode readers at kiosks that record transaction information. "We know and understand what is being purchased out of each store in real time," Taylor said.

Davians has 300 to 390 individual barcoded products — the company refers to them as stock keeping units or SKUs — available for the micromarkets.

"Really, it's a store that's customizable to our clients' needs," Taylor said.

Just about any type of food or beverage can be displayed and sold through the markets, from fresh fruit, salads and yogurt to lunch and dinner entrées.

Beverages are a growing part of the micromarkets, too, Bachtelle said.

Consider that an average soft drink vending machine has between eight to 10 selections, he said.

"The average micromarket might have as many as 45 beverages," Bachtelle said.

"They have juices, and they have milk and teas, vitamin waters, flavored waters. What happens is variety goes through the roof."

The products are sold on the honor system, and the micromarkets typically require a surveillance system.

"Really, one of the benefits here is you can grab an item, you can inspect it, you can read the nutritional label on it before you purchase it," Taylor said.

On a recent weekday, Davians was stocking its own micromarket with such things as a grilled chicken and swiss sandwiches, roasted turkey on a pretzel bun, grilled chicken alfredo, pepper steak with steamed rice and a sausage, egg and cheese skillet breakfast entrée.

As the micromarket trend has taken hold, Davians hasn't been the only company to jump on board. Taylor said his company has worked hard to differentiate itself in the marketplace, specifically by making its own food products rather than outsourcing production.

"We have a research and development team here that works just on our food every day, that tries to stay up on industry trends, staying fresh, creating seasonal items," Taylor said.

That means the company's researchers and tasters are constantly tweaking menus.

"We're always analyzing our current products. How does it look in its packaging? Can we put more tomatoes on this? It's a full-time job," Taylor said.

So, how's the food?

"It's very good," said Chad Paulson, human resource manager at Beer Capitol Distributing in Sussex, which has a micromarket serviced by Davians in its break room. "It's like eating at a deli. It's not the food where 'I need to eat this because it's noon, and if I don't eat, I might tip over.' I might actually enjoy this sandwich. It's a nice perk. You walk into the break room, and you see bananas and apples and milk and chocolate milk, fresh sandwiches and cheese sticks and all kinds of things you normally don't see in vending machines."

Bachtelle said his research shows micromarkets are a hit.

"Consumers rate them off the charts in nearly every category," he said. "Employees love it because it's just a nicer environment. It's like going to a bistro or a restaurant."

That also plays a role in attracting and retaining workers in a tight labor market where the unemployment rate has been hovering at or below 5%.

"Generally, companies are doing whatever they can to make the work environment better for their employees," Paulson said. "A really easy thing to do is get better food in the break room. It's a pretty easy call."

There is also a wellness aspect to the micromarkets, Taylor said.

"In a lot of cases, our clients will subsidize the healthy products in here, even above and beyond a low sale price," Taylor said. "So, they are trying to change purchasing habits by playing with price points, and it's very effective."

A typical micromarket can serve anywhere from about 100 up to 3,000 employees, Taylor said.

All of this is more than a passing fad, Taylor added.

"We've been through so many trends," he said. "Health and wellness is here to stay."

October 18, 2017

To: Members of the Assembly Committee on Jobs and the Economy
From: Tom Konop, Wisconsin Automatic Merchandizing Council (WAMC)
Re: AB 536 Relating to Micro Mart licensing

Thank you Representative Neylon and members of this committee for allowing me to testify in support of AB 536.

AB 536 is the final result of a long process of collaborative work between Representative Snyder, Senator Petrowski, the members of WAMC and DATCP to develop regulations of the micro mart industry that protects the public and at the same time are friendly to the small business owners in Wisconsin.

We also wish to express our appreciation to Governor Walker's office of Business Development for the very positive efforts they contributed to this process.

AB 536 creates regulations that fill in the gap between traditional vending machines and retail food establishments. Micro Marts are a new and emerging business not only in Wisconsin, but across the United States. We currently estimate that there are over 700 micro marts currently operating in Wisconsin and the number will continue to dramatically increase as companies throughout Wisconsin request to have them installed in their businesses. Right now it is the fastest growing segment in food services.

Micro Marts are simply a variation on vending machines that retain the self-service aspect to receive the product, but instead of placing currency into a machine and receiving a product, with a micro mart, the products are housed in coolers and the patron chooses their product first and then pays for the product using a kiosk or other instrument afterwards.

Micro marts are not open to the general public and are under surveillance. The majority of the current micro marts can be found in employer cafeterias which require authorization for access.

While it is unusual that such a booming service could be actually occurring without regulations, all of us believed that the micro marts could be operated under our current vending regulations. When it was discovered that the current vending statutes did not accurately apply to micro marts, our association contacted both Joe Knilans at Governor Walker's office of Business Development and DATCP for assistance. As a business owner in Wisconsin, it was refreshing to see both Government offices immediately respond and work in a very positive and collaborative method with the business community to find a workable solution.

We ask that this committee fully support AB 536 to provide the necessary regulations to a new and innovative business product in Wisconsin.

October 18, 2017

To: Members of the Assembly Committee on Jobs and the Economy
From: Michael Swanson, Wisconsin Automatic Merchandizing Council (WAMC)
Re: AB 536 Relating to Micro Mart licensing

Thank you Representative Neylon and members of this committee for allowing me to testify in support of AB 536.

I would like to express my appreciation to Representative Snyder and Senator Petrowski for all of their efforts to create AB 536 that will assist our industry with regulations for micro marts.

When it was discovered that the statutes regulating vending machines did not correctly apply to micro marts, our association started working with DATCP.

We initially reviewed the opportunity to see if we could simply have DATCP use the rule making process to make the necessary modifications to incorporate micro marts into the current vending statutes.

When it became very apparent that this would not be viable, we requested assistance from Senator Petrowski and Representative Snyder to draft legislation that would properly regulate micro marts. Throughout this entire process there was a very collaborative effort from the business community and the various levels of management at DATCP.

DATCP has also developed new rules that if AB 536 is passed would assist with the administration of the new legislation.

Basically, we have with AB 536 a very positive example of Government Agencies working with the Business community to develop legislation and rules that protect the citizens of Wisconsin, and at the same time is also friendly to the small business owners in Wisconsin.

We ask that this committee fully support AB 536 to provide the necessary regulations to a new and innovative business product in Wisconsin.

October 18, 2017

To: Members of the Assembly Committee on Jobs and the Economy
From: Chris Pope, Wisconsin Automatic Merchandizing Council (WAMC)
Re: AB 536 Relating to Micro Mart licensing

Thank you Representative Neylon and members of this committee for allowing me to testify in support of AB 536.

I would like to express my appreciation to Representative Snyder and Senator Petrowski, Joe Knilans and Nancy Mistele in Governor Walker's office of Business Development and DATCP for all of their efforts to create AB 536 that will assist our industry with regulations for micro marts.

My testimony fully supports the previous testimony provided by Tom Konop and Mike Swanson of WAMC.

WAMC fully supports the licensing of micro marts. We believe this is necessary to protect the public. We also fully support the requirement for inspection by DATCP for compliance.

We support the language in the current legislation related to the fees for single and multiple micro marts at a location as we believe the amounts to be reasonable and fair to both the business owners installing and managing the micro marts and DATCP which is required to inspect them.

We also support the language that allows DATCP a one year timeframe to inspect each micro mart. This language was developed primarily to ensure all micro marts were licensed, to allow the business owner to properly install and start using the micro mart, and allow DATCP the necessary time to inspect.

The normal inspection for micro marts consists of a temperature reading of the cooler and a quick review for any waste materials on the floor surrounding the micro mart. Because the micro mart coolers will automatically lock when the temperature becomes unsafe for food consumption, the potential for any public safety issues is extremely low.

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Driven by trends that range from Americans demanding more nutritious food choices to a tightening labor market, companies across the U.S. are seeking to enhance their break rooms by creating opportunities for food and beverage companies to grow significantly. **Photos: Davians takes on the micromarket**

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