

COLD, FAST, MONEY

Want to make more money? Consider selling ice.

BY DEBRA GORGOS

Editor

If you're looking for an easy way to make additional profits, one suggestion is to add on a vending machine. With little upkeep, zero labor costs, and only a small space needed, it can be a good way to test the waters, without wasting money. Ice vending machines in particular are gaining in popularity at carwashes. First reported in *Professional Carwashing & Detailing* back in 2010, they are gaining, thanks to the low overhead costs and the fact that more and more customers are looking for one-stop shopping sites. Also, for carwash owners,

they don't have to worry about brand popularity or trends: Ice, after all, is a pretty universally liked product and not attached to a trademark. And, even though the weather is getting colder and people aren't necessarily looking for ice to cool their drinks, it is still needed during this time of the year for various sporting events, and holiday parties.

How ice sales do in the fall and winter months

The temperatures outside are getting colder and ice is forming on outside services. So, one might think that no one would want to go out and buy ice. But, that's not necessarily so, says Brad Lefkowitz of Bag of Ice, Ice & Water Vending. He says that although ice sales can decrease gradually as the temperatures cool, many ice vending machine owners retain a steady business.

"Many customers need ice for work, community sports teams need ice for games, and sportsmen need ice," says Lefkowitz. "Of course, large quantities of ice are sold during for football parties and during the holidays. For those ice vending machine equipped to sell water, the sale of water is not affected."

According to Michael E. Little,

Cost of ice

According to Lefkowitz, the nationwide average for retail ice — sold both the conventional way and by vending — is:

- \$1.85 for 10 lbs.
- \$2 for 16 lbs.
- \$3 for 20 lbs.



vice president of marketing for Ice House America, LLC, said if things do get slow during the winter, you should use the time advantageously. "Owners typically see a spring and summer spike with a lower sale's rate in the coldest part of the winter. For owners, the winter time is ideal for annual preventative maintenance to occur."

What kind of maintenance is needed?

Water filter replacement and ice maker cleaning are the most frequent maintenance requirements, according to Lefkowitz. "The excellent water filtration systems utilized my most carwashes greatly reduce the frequency water filters need to be replaced and ice makers need to be cleaned."

There isn't a lot of upkeep and maintenance involved with ice machines, according to Little, as everyone wants to simplify

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SPOTLIGHT ICE VENDING

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their life, including when it comes to business matters. "What is simpler than adding incremental income to your existing business without having to add extra employees and a profit center that requires minimal upkeep?"

The main maintenance steps involve:

- Collecting the money
- Refilling bags
- General ground upkeep
- Making sure the machines are clean
- Replacing the water filters

Little said they offer up a remote management system which allows owners to monitor everything via a Smartphone or computer. "Owners can remotely access their machines, track machine operational status and have a dashboard view on machine sales, which allows them to shorten potential downtime and reduce the number of machine visits needed each

What is the typical ROI?

As with carwash locations, the return on investment (ROI) varies, according to Little.

"While there are multiple factors that surround ROI, location selection is one of the most important components. Since owners set their own price points, typically between \$1.75 to \$3 per bag, the common ROI on the machines ranges between 20 to 33 percent. With our largest of the three units, payback is between three to five years," Little says, but a smaller sized one can see a payback within two years.

week. In addition, an owner can analyze sales trends, benchmark locations against regional and national averages, as well as evaluate machine performance," says Little.

How do ice and carwashes go together?

In the past, ice and water vending machines were very large and expensive which made it an unlikely investment



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SPOTLIGHT

ICE VENDING

choice for carwash and convenience store owners, according to Lefkowitz.

"Currently, ice and water vending machines are being manufactured in the U.S. with footprints as small as 36 x 43 inches and for as little as \$25,000," says Lefkowitz. "Ice vending machines are becoming smaller and more compact, allowing for them to be placed at many more and different type of locations than in the past."

According to Little, ice vending machines have grown in popularity over the years because an owner can add incremental profit to an existing business as the machines can be managed remotely and do not require adding any additional labor.

"By providing the ice and water vending machines, the carwash owner is providing a one-stop service to their on-the-go customers. There is no need for a soccer mom

or football coach to make more than one stop during their hectic weekends. Everyone wants to find an easy solution to the daily grind and, this will keep the consumer coming back," says Little.

Because carwash owners are focused on maximizing their profit per square foot, the new smaller ice and water vending machines give owners the opportunity to sell ice to their existing customers as well as and draw in new customers, adds Lefkowitz.

Where to start

When looking to add on an ice vending machine, Lefkowitz suggests starting out small.

"Now that the ice and water vending machine industry is out of its infancy, data is available to suggest most owners over estimated their demand and purchased

expensive machines with larger than necessary capacities," says Lefkowitz. "The result is a poor or long return on investment. Those interested in investing this type of equipment should start small and upgrade or add an additional equipment as demand requires."

Put it on your signage

An ice vending machine might be hard to see from the road, or even when you're on the property. Therefore make sure your signage lets people know you have ice on the property. Also, if you have point-of-sale system, put a message on the screen that lets customers know of the vending machine.

Keep your message simple on the signs. Something such as, "Need ice? We have it here," will do the trick. □

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