



# The Vending Machine Business

*Not passive, not magic: a route business where the machine is a commodity and the location is everything. Honest numbers, no guru math.*

\$2,500-4,000

START LEAN

30-60 days

FIRST DOLLAR

40-55% after product cost

TYPICAL MARGIN

# Is this your business?

Let us kill the myth first: vending is not passive income. It is a logistics and sales business where the selling happens before the machine exists, when you convince a business owner to give you four square feet of captive foot traffic. Done honestly, a good location nets \$50-150 a week and a dense route of them becomes a real asset. Done the way the online gurus pitch it, it is a \$3,000 machine in your garage.

\$2,500-4,000

LEAN STARTUP COST

\$8,000-15,000

STANDARD BUILD

30-60 days

TIME TO FIRST DOLLAR

40-55% after product cost

TYPICAL GROSS MARGIN

Yes, fully

SOLO-FRIENDLY

Yes (route-based)

HOME-BASED

## BUILT FOR THESE FOUNDER TYPES

THE OPERATOR

THE CONNECTOR

3/5 difficulty

### THE HONEST FIT TEST

The core skill here is not maintenance or merchandising, it is walking into businesses and asking for placement, then restocking on a disciplined schedule for years. If cold-walking into a tire shop with a one-pager energizes you, you have the rare half of this business. If you bought the passive-income dream, read the numbers page before spending a dollar.

# Who pays, and why now.

Vending works where people are stuck somewhere with money and an appetite: the tire shop waiting room, the laundromat mid-cycle, the 24-hour gym at 11 p.m., the distribution warehouse on a half-hour lunch. That word, stuck, is the entire site-selection science. Raw foot traffic is nearly worthless; a busy sidewalk walks past your machine, but thirty warehouse workers with one break room buy from it every single shift.

Here is the truth the seminar sellers will not tell you: the machine is a commodity and the location is the business. A used snack or combo machine costs \$1,200-2,800 anywhere in America, and anyone can buy one. What is scarce is a signed agreement with a high-traffic location, which is why the location-finding hustle, the door-knocking, the one-pagers, the follow-up calls, is the actual job. Whoever controls the locations controls the route; the machines are just furniture that takes payment.

The honest economics: a good location grosses \$800-1,200 a month and nets \$50-150 a week after product cost, commissions, and fees. A mediocre location nets \$10-20 a week, which does not cover the gas to restock it. That spread is brutal and it is the whole game. Operators who place machines wherever someone says yes end up with a 'route' of duds; operators who qualify locations by headcount, hours, and stuck-ness build something bankable.

The modern lift is cashless. Card readers raise sales 20-35% and raise average ticket, because nobody carries quarters anymore, and they give you remote sales data so you restock when machines need it instead of driving a guessing loop. Route density is the other multiplier: ten machines within twenty minutes of each other is a tight Saturday morning; ten machines scattered across a county is a part-time job that pays in gas receipts.

WHO BUYS	WHAT THEY PAY	WHAT THEY ACTUALLY WANT
<b>Auto shops + tire centers</b>	Captive waits of 30-90 min	Happier waiting customers, zero effort, a free amenity they can point to
<b>Warehouses + distribution centers</b>	Shift workers, 24/7 demand	Break-room coverage for crews with short lunches and no nearby options
<b>Laundromats + 24-hour gyms</b>	Stuck or off-hours traffic	Extra revenue share and an amenity that keeps customers in the building
<b>Apartment offices + hotels without shops</b>	Resident and guest convenience	An amenity line on the brochure that costs them nothing

NET, PER GOOD LOCATION

# \$50-150/wk

That is what a genuinely good placement nets after product, fees, and commission. A mediocre one nets \$10-20 a week and loses money on drive time. The entire business is the spread between those two numbers, and the spread is decided before the machine is ever delivered.

# Every dollar, before you spend it.

Plan on \$2,500-4,000 to get one used machine bought, moved, card-readied, stocked, and placed. The order of operations matters more than the budget: sign the location first, then buy the machine that fits it. Buying machines before locations is the single most common way money dies in this trade.

THE LEAN BUILD · START HERE	WHY IT EARNS ITS PLACE	COST
<b>Used snack or combo machine</b>	Refurbished from a local operator or restaurant-supply auction; test every motor before paying	\$1,200-2,800
<b>Professional moving + placement</b>	These weigh 600-800 lbs; pros have the dollies and the insurance. Do not improvise this	\$150-400
<b>Card reader + telemetry, first months</b>	Lifts sales 20-35% and shows remote inventory; \$7-15/mo per machine after hardware	\$150-300
<b>Initial product stock</b>	Buy at warehouse clubs to start; aim for 50%+ gross margin per item	\$250-400
<b>Sales tax permit + LLC + license</b>	Vended goods are taxable in most states; register before the first sale, see legal	\$50-550
<b>General liability insurance (first month)</b>	Locations will ask; \$1M policy keeps the agreement conversation easy	\$20-50/mo
<b>Hand truck, tools, route kit</b>	Coin mech spares, cleaning kit, shelf labels	\$60-150
<b>Lean total</b>	<b>\$1,880-4,650 for machine one, placed and stocked</b>	

THE STANDARD BUILD · ADD AFTER FIRST REVENUE	WHAT IT UNLOCKS	COST
<b>Machines two through four</b>	Same discipline: location signed first, machine second, every time	\$1,500-3,000 each
<b>Route management software</b>	Pre-kitting by machine from telemetry data; saves hours every route day	\$15-40/mo
<b>Cargo van or trailer</b>	Only when route volume justifies it; a hatchback runs a 5-machine route fine	\$3,000-10,000 used
<b>Healthy/fresh-food machine</b>	Premium niche for offices and gyms; brings health-permit requirements with it	\$3,500-7,000

### THE RULE

Locations first, machines second, always. A signed placement agreement costs nothing but shoe leather, and it tells you exactly what machine to buy. The garage full of unplaced machines is this industry's signature failure, usually purchased the week after watching a passive-income video. Walk doors for two weeks before you spend a dollar on steel.

# Clean from day one.

Vending looks paperwork-free because the customer interaction is a button press, but three obligations are real and enforced: sales tax on every vended item, the location agreement that protects your placement, and health permitting the moment your products turn fresh.

- Form your LLC:** File in your home state, get the EIN free at irs.gov, open the business bank account. THE LAUNCHPAD Module Three walks every step.
- Sales tax permit, before the first sale:** Most states tax vended food and drink, some with special vending rates or thresholds, and they expect registration, collection baked into your pricing, and periodic remittance. Some states also require a vending decal per machine. Your state revenue department's vending page answers this in one read.
- Written location agreement, every placement:** One page: exclusive vending rights for the location, commission terms if any (10-25% of gross is the customary ask at strong locations), who provides power, access hours, 30-day termination, and that the machine remains your property. A handshake placement is a machine you may have to retrieve from a locked building.
- City business license:** Standard local license; a few cities also license vending operators specifically. One call to the clerk's office.
- Health permits for fresh food:** Snacks and sealed drinks are usually exempt, but refrigerated fresh-food machines (sandwiches, salads, milk) trigger health-department permitting, temperature-control requirements, and inspections in most counties. Know which side of that line your product mix sits on before you buy the machine.
- Insurance certificate ready to send:** Larger locations, especially warehouses and property managers, will not sign without a COI naming them additionally insured. Same-day COI capability wins placements.
- ADA awareness on placement:** Machines in publicly accessible spaces should respect accessible reach ranges and pathway clearance. Placing thoughtfully avoids being the easy target of a drive-by ADA complaint.

## INSURANCE, SPECIFICALLY

General liability at \$1M is the working floor, and it is cheap because claims are rare. Add commercial auto if a vehicle becomes dedicated to the route, and product liability is typically wrapped into your GL for packaged goods. Fresh-food operators should confirm spoilage-related coverage explicitly.

## WATCH FOR

The sales tax trap. It is silent: no one asks for tax at the machine, so new operators price at round numbers, bank the gross, and discover at filing time that the state considers a slice of every dollar its own. Register first, build the tax into your pricing, and move the reserve out of reach weekly. Back taxes plus penalties have ended more small routes than vandalism ever has.

Requirements vary by state and city. Verify with your state, city clerk, and a licensed professional. Education, not legal advice.

# Three doors. Real numbers.

You set two prices in this business: what the consumer pays at the machine, and what the location keeps for hosting you. The first is simple (keystone-plus on warehouse-club cost). The second is your real negotiation, so productize it into three placement offers.

	RECOMMEND	
<p><b>DOOR ONE</b></p> <p>The Standard Placement</p> <p><b>\$0 + free service</b></p> <p>smaller locations</p> <ul style="list-style-type: none"> <li>◆ Machine, stocking, and maintenance at zero cost to the host</li> <li>◆ Product menu tuned to staff and customer requests</li> <li>◆ 24-48 hour fix-or-swap guarantee</li> <li>◆ Clean, modern machine with card reader</li> </ul>	<p><b>DOOR TWO</b></p> <p>The Partner Split</p> <p><b>10–15% of gross</b> high-</p> <p>traffic hosts</p> <ul style="list-style-type: none"> <li>◆ Everything in Standard Placement</li> <li>◆ Monthly commission statement and payment</li> <li>◆ Telemetry-backed sales reporting</li> <li>◆ Quarterly menu reviews with the host</li> <li>◆ Reserved for locations that earn it with volume</li> </ul>	<p><b>DOOR THREE</b></p> <p>The Micro Market</p> <p><b>Custom</b> 100+ person</p> <p>facilities</p> <ul style="list-style-type: none"> <li>◆ Open shelving, cooler, and self-checkout kiosk</li> <li>◆ Fresh food and a wider menu than any machine</li> <li>◆ Camera coverage and shrink management included</li> <li>◆ The break-room upgrade that wins big-facility deals</li> <li>◆ Multi-year agreement with service-level terms</li> </ul>

## PRICING NOTES FOR THIS BUSINESS

- Price products at 2x to 2.5x your warehouse-club cost, in card-friendly increments. Nobody price-shops a vending machine against the supermarket.
- Offer commission only when the location's volume justifies it; leading every pitch with a revenue split trains small hosts to demand one.
- Build sales tax into the sticker price; you are remitting it either way.
- Energy drinks, protein bars, and name-brand candy carry the route; let telemetry data, not your own taste, set the menu.
- Re-negotiate or relocate any machine netting under \$25 a week after 60 days. Pulling a dud is not failure, it is portfolio management.

## THE UPSELL THAT PAYS THE RENT

The second machine at the same host. A snack machine doing well next to no drink machine is half a placement: adding a drink machine typically lifts combined sales past double, because snack and drink purchases feed each other. The host already trusts you, the agreement already exists, and your route day adds ten minutes instead of a new stop.

# Names, not strategies.

Your first ten are not customers, they are locations, and you sign them with shoe leather before you own a single machine. Qualify ruthlessly: how many people, how stuck are they, what are the hours, and what do they currently do when they are hungry?

1

## Auto shops and tire centers

Waiting rooms with 30-90 minute captive stays and no snack option are the classic first placement. Pitch the manager on a free amenity that makes waits feel shorter. Bring the one-pager and the COI.

2

## Warehouses and distribution centers

The crown jewels: shift workers, short lunches, nothing nearby. Ask for the operations or facilities manager, and expect to offer a commission at bigger sites. One 80-person warehouse outearns five small offices.

3

## Laundromats

Customers stuck 45-90 minutes, often with kids, often at night. Owners understand machine economics already (they run a building full of them) and decide fast.

4

## 24-hour gyms

Off-hours traffic with a protein habit and no staffed counter. Drink and protein-focused menus thrive; corporate-owned gyms may route you to a regional manager, independents sign on the spot.

5

## Apartment complexes and small hotels

Leasing offices and limited-service hotels without sundry shops want amenity lines that cost nothing. Property managers also talk to each other across buildings: one yes can cascade.

6

## Wherever you already have a relationship

Your mechanic, your gym, your cousin's job site. The warm introduction skips the gatekeeper, and your first machine should go where someone is rooting for you.

### THE EXACT ASK

*"Hi, I'm [name], I run a local vending route here in [city]. I noticed your customers wait here a while and there's nothing to grab. I place a modern machine with a card reader, keep it stocked and spotless, and fix any issue within 48 hours, at zero cost to you. I handle everything; you just give me four square feet by an outlet. Who would I talk to about putting one in this month?"*

### THE FOUNDING-CUSTOMER DEAL

Your founding offer is service, not discounts: a 48-hour fix-or-swap guarantee, menu requests honored within two restocks, and a machine cleaner than their break room. For your first anchor location, offering a modest commission from day one can buy the reference account every later pitch leans on: 'we service the machines at [known local business]' does the selling for you.

# Owned, earned, then paid.

This is outbound, business-to-business marketing: the consumer never chooses your machine, the host does. Your engine is door-knocking with a one-pager, a reference account other businesses recognize, and a service reputation that makes hosts brag instead of churn.

CHANNEL, RANKED	WHY IT WORKS HERE	THE FIRST MOVE
<b>Cold walk-ins with a one-pager</b>	Placement decisions are made by a manager you can reach by simply showing up	Ten doors every route day; one page: what they get, what it costs (nothing), who you are
<b>The reference account</b>	Hosts trust hosts; a recognizable local business on your list collapses skepticism	Win one anchor early, even at a generous commission, and name it in every pitch
<b>Property and facilities managers</b>	One manager controls placements across many buildings	Join the local property-management association breakfast; be the vending answer in the room
<b>Google Business Profile</b>	'Vending machine services [city]' inquiries are warm placements arriving by phone	Claim it day one; photos of clean machines in real locations; collect host reviews
<b>Route-day visibility</b>	Every restock is a uniform, a hand truck, and a professional impression inside a busy business	Branded shirt, tidy work, and a card left with the neighboring business every stop

## FIVE CONTENT PIECES THAT WIN THIS NICHE

- What a vending machine actually earns: honest numbers from a real route
- The 4 things that make a great vending location (and why foot traffic isn't one)
- Card reader vs coins: what happened to sales when we upgraded
- A restock day on the route, in 60 seconds
- Why we pulled a machine out of a busy gas station (a location post-mortem)

## THE REVIEW MACHINE

Your reviewers are hosts, not snackers. After a smooth first quarter, ask the location manager: 'Would you drop us a quick review? It helps other businesses trust us with their break room.' Five reviews from named local businesses make every cold walk-in warmer, and they are the only social proof that matters in a B2B trade.

# One unit, one month, no fog.

Two honest snapshots, and read them slowly if a YouTube guru sent you here: one machine at a genuinely good location, and a realistic six-machine route. Average locations earn half the good-location numbers, and bad ones earn nothing at all.

ONE UNIT: ONE MACHINE, ONE MONTH, GOOD LOCATION	AMOUNT	A WORKING MONTH: 6-MACHINE ROUTE (MIXED QUALITY)	AMOUNT
Gross sales	\$1,000	Gross sales	\$4,800
Product cost (48%)	-\$480	Product cost	-\$2,300
Card fees + telemetry	-\$30	Location commissions	-\$430
Location commission (10%)	-\$100	Card fees, telemetry, software	-\$170
Restock fuel share	-\$25	Fuel + vehicle share	-\$150
Gross profit (3-4 hrs of your time)	\$365	Spoilage, shrink, coin variance	-\$120
Tax reserve (27%)	-\$99	Pre-tax profit	\$1,630
Yours, per machine, per month	\$266	Tax reserve (27%)	-\$440
		Owner take-home	\$1,190

BREAK-EVEN

## 12-18 months

A \$3,000 placed machine netting \$200-270 a month repays itself in a year to eighteen months, and that is with a good location. This is the slowest payback in this series, which is exactly why vending is a portfolio you build deliberately, not a lottery ticket, and why every dollar of guru-course tuition is better spent on a second machine.

Illustrative figures at typical market rates; your market, prices, and costs will differ. Run YOUR numbers in the One-Page P&L from THE LAUNCHPAD, Module Six. Remember the 25-30% tax reserve on every dollar of profit.

# Pre-decided, so motivation is never consulted.

## WEEK ONE: FOUNDATIONS

- LLC filed, EIN issued, business bank account open
- Sales tax permit registered; vending rules read
- Insurance bound; COI ready to send same-day
- One-pager and location agreement template done
- Target list built: 30 qualified locations, mapped tight

## WEEK TWO: DOORS OPEN

- Walk 20+ doors; pitch the decision-maker each time
- Follow up every maybe within 48 hours
- First location agreement signed BEFORE buying steel
- Used machine sourced and inspected to fit the win
- Warehouse-club run priced; menu margins set

## WEEK THREE: MOMENTUM

- Machine moved in professionally, stocked, card reader live
- Telemetry dashboard checked daily for the first week
- Keep walking doors: 10 more pitches this week
- Host check-in at day 7: requests, complaints, praise
- Restock cadence set from real sales data

## WEEK FOUR: THE SYSTEM

- Location two signed; machine two sourced
- First month's sales tax reserve moved to savings
- Underperformance threshold written down (\$25/wk rule)
- Month-one P&L done; route math reviewed honestly
- Reference-account review requested from host one

### DAY 30 VERDICT

Green light: 2+ signed locations, machine one placed and selling \$150+ a week with the second placement in motion. Yellow: machine placed but selling under \$75 a week: the location is the problem, not the menu; start the relocation conversation now. Red: no signed locations after 30+ real pitches: your one-pager or your target list is wrong, fix the pitch before any more capital leaves your account.

# How this business fails, and how it grows.

## THE FIVE KILLERS

- ✗ **Buying machines before locations**  
The garage full of unplaced vending machines is this industry's monument to reversed order of operations. A signed agreement costs nothing and tells you exactly what to buy. Steel comes second, every time.

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- ✗ **Believing the passive-income pitch**  
Somebody restocks, banks coins, fixes jams, files sales tax, and replaces lost locations, and that somebody is you. Vending is semi-absentee at best, and only after years of route-building. Budget your hours like the operating business it is.

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- ✗ **Keeping dud locations out of politeness**  
A machine netting \$15 a week costs you money to visit and capital that a good location would multiply. Run the 60-day review, have the awkward conversation, and move the asset. Relocation is the job.

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- ✗ **Ignoring sales tax until filing season**  
The state's cut is inside every vended dollar whether you reserved it or not. Register before the first sale, price it in, and sweep the reserve weekly. Penalties compound faster than route profits.

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- ✗ **Scattering the route across the map**  
Ten machines forty minutes apart is a delivery job that pays in gas. Density is profitability: pick a tight service area and get deep before you get wide.

## THREE SCALE PATHS

- 1 **Dense route expansion**  
Compound machine by machine inside one tight radius until a single route day services 15-25 placements. At that density the economics finally resemble the dream: a few disciplined days a month running a five-figure asset.

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- 2 **Micro markets and offices**  
Graduate your best 100+ person facilities to open-shelf micro markets with self-checkout kiosks: triple the menu, double the spend per person, multi-year agreements, and a moat no machine-dropper can cross.

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- 3 **Buying routes, not machines**  
Established operators retire and sell working routes with locations, agreements, and history attached. Buying placements at a fair multiple of net skips the hardest part of the business. Verify every location's sales data and re-sign every agreement personally before closing.

### YOUR FIRST HIRE

A route runner for restock days, once you pass roughly 15 machines, paid hourly with a pre-kitted van and a checklist per stop. Telemetry keeps the honesty simple: sales data and cash counts reconcile or they do not. If your restock process is documented well enough that someone else can run a Saturday route from the kit, you own a route; if it lives in your head, the route owns you.

THE STAIRCASE CONTINUES

# The playbook is the map. The machine is waiting.

Everything this playbook describes, Epic Advisory Group can build with you: the brand, the cinematic website, the entity, the engine. Describe your idea to the Launch Engine and see your business real in about sixty seconds, free.

- The Launch Engine: your idea, built free, in about a minute
- THE ASCENT: Founder Edition: the eight-module course
- Launch-in-a-Box: entity, brand, site, and first campaign, one flat price
- Growth, capital readiness, and the path to the public markets

*"There is no right age. There is only the decision."*



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