



Emerging Product Trends

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Presented by:

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Agenda



- Review of emerging product trends
- Review of dealer survey results
- Product interaction and feedback

Emerging Product Trends



- 💧 Popularity of chewable ice
- 💧 Growth of sparkling water
- 💧 Emergence of “enhanced” water
- 💧 Emergence of “hybrid” machines
- 💧 Emergence of internet-connected devices
- 💧 Developing market for “re-fill stations”

Popularity of Chewable Ice



- So popular in the south that one manufacturer calls the region the “Chew Belt”
- Dealers seeking alternative to Follett (dominant player in the category)
 - Dealer concerns about overdistribution, order lead times, cost, service intensity, etc.
 - As a result, we prioritized this trend in our product roadmap



Growth of Sparkling Water



- 💧 **Fastest growing beverage category**
 - 28% YOY growth
 - Now ~\$2.5b in US annual retail sales
 - Lacroix alone grew >70% in 2016
- 💧 **Major beverage companies and upstarts all participating**
 - Coca-Cola: Topo Chico, Dasani, SmartWater
 - Pepsi: Bubly, SodaStream
 - Nestle: Perrier, San Pellegrino
 - National Beverage: Lacroix
 - Legacy brands: Polar
 - Upstarts: Spindrift, Waterloo, Ugly
- 💧 **Several types of equipment on the market**
 - Dealer concerns about cost, service intensity, capacity, and CO₂ delivery
 - As a result, now top of our product roadmap



Emergence of Enhanced Water

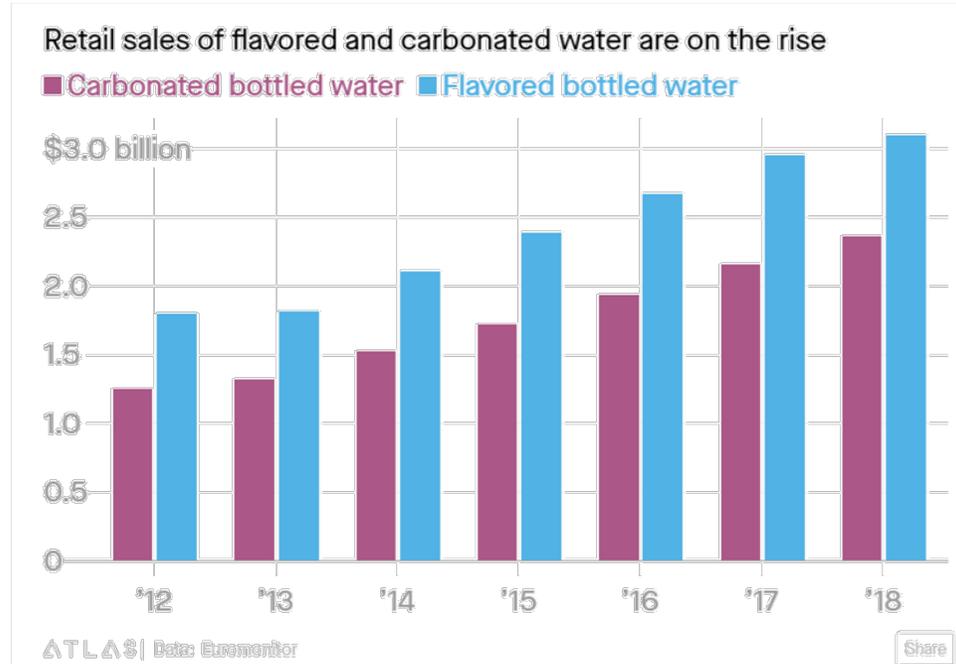


Several categories

- Flavors
- Alkalinity boosters
- Vitamins
- Electrolytes
- Caffeine
- Etc.

Several machines attempting to address the opportunity

- Dealer questions about current solutions
 - Up-front cost of equipment is high
 - Service intensity?
 - Shelf life of consumables
 - Stickiness of customer



Development of “Hybrid” Machines



- 💧 Space-saving
- 💧 Perceived cost effectiveness
- 💧 Advantages when selling
- 💧 Reliability



Emergence of Internet-Connected Devices



💧 What data?

- Diagnostics (leaks, service issues, consumption), gallonage, temperature, remote shut-off, GPS location, etc.

💧 On which equipment?

- All equipment (retrofit module) vs. new equipment only
- All new equipment vs. only most expensive equipment

💧 How connected?

- Wifi vs. cell signal

💧 Who uses the data?

- Technician vs. end user vs. dealer use

💧 How to justify the connectivity cost?

- Dealer cost savings and/or incremental rent



Developing Market for “Re-fill stations”



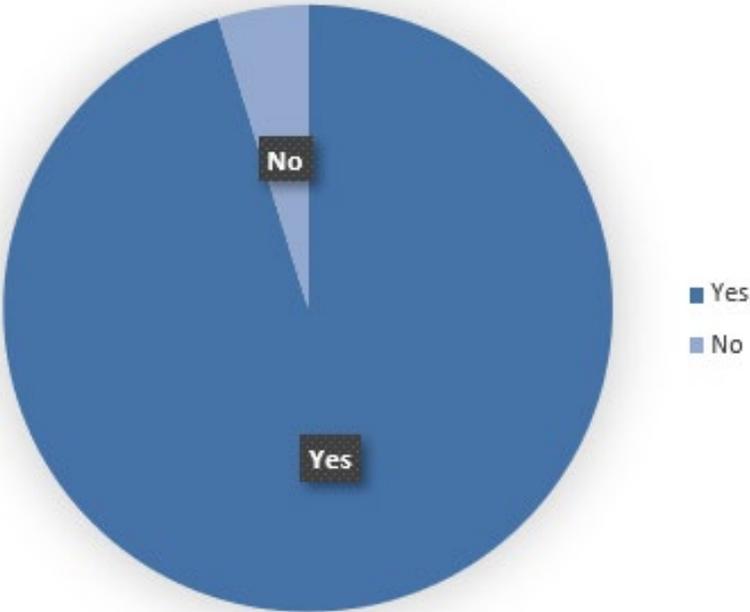
- Natural evolution from popularity of “hydration station” water fountain replacements?
- *“The nonprofit Ellen MacArthur Foundation estimates that replacing only 20% of single-use plastic packaging with reusables, including refill stations, is an untapped, \$10 billion market.”*
 - Fast Company
- Likely settings:
 - Airports
 - Hotels
 - Gyms
 - Campuses
- Vending opportunity?



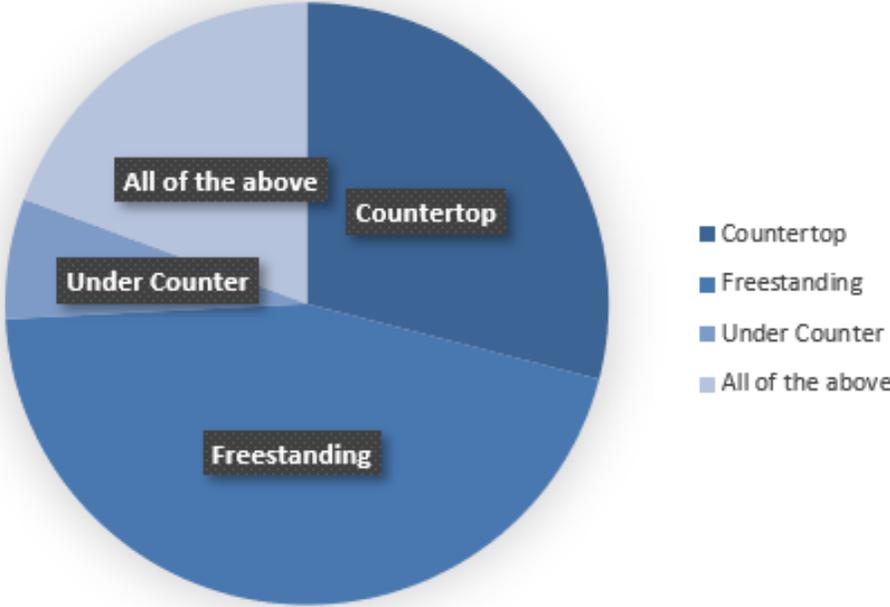
Review of Survey Results



Do you rent ice machines?



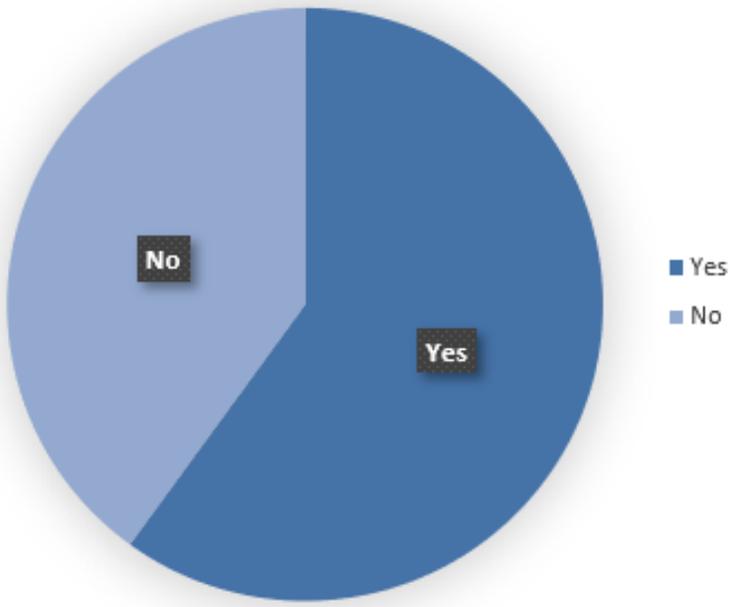
What type of ice machines do you rent?



Review of Survey Results



Do you rent sparkling water coolers?



How do you handle the CO2?



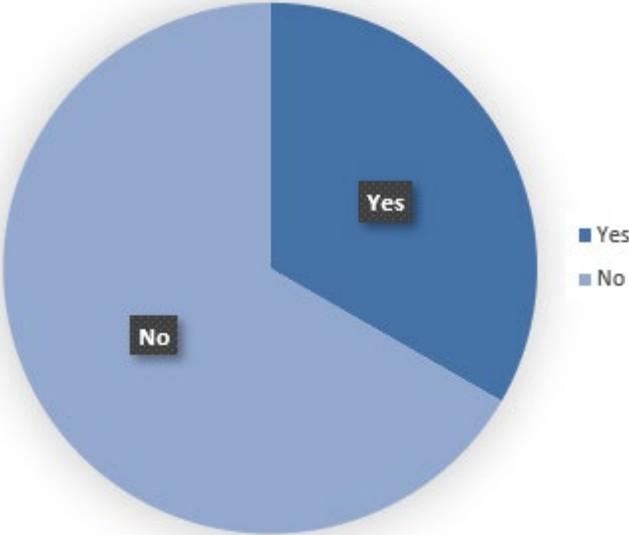
If you're not renting sparkling water coolers, why not?

- 💧 “We will get into it soon...”
- 💧 “The options are too expensive”

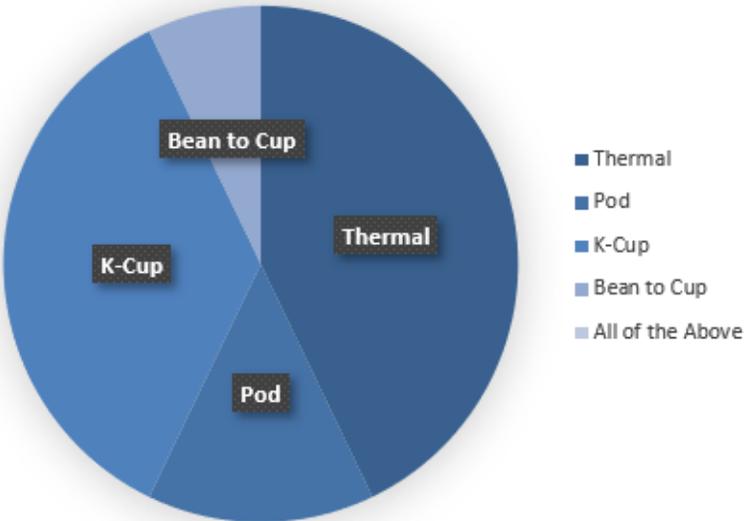
Review of Survey Results



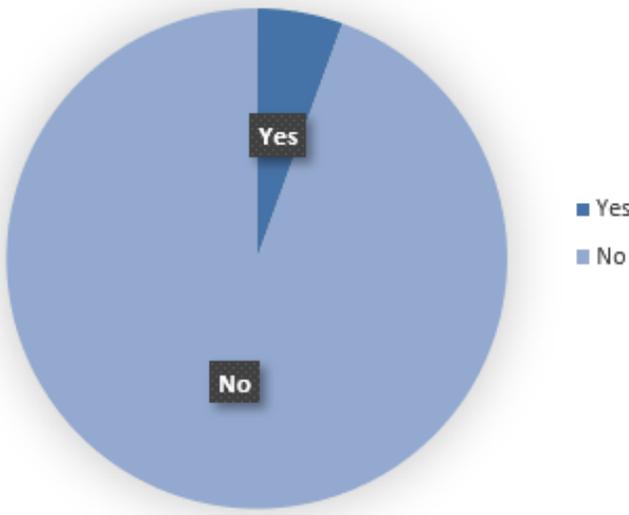
Do you rent coffee brewers?



What type of brewers are you renting?



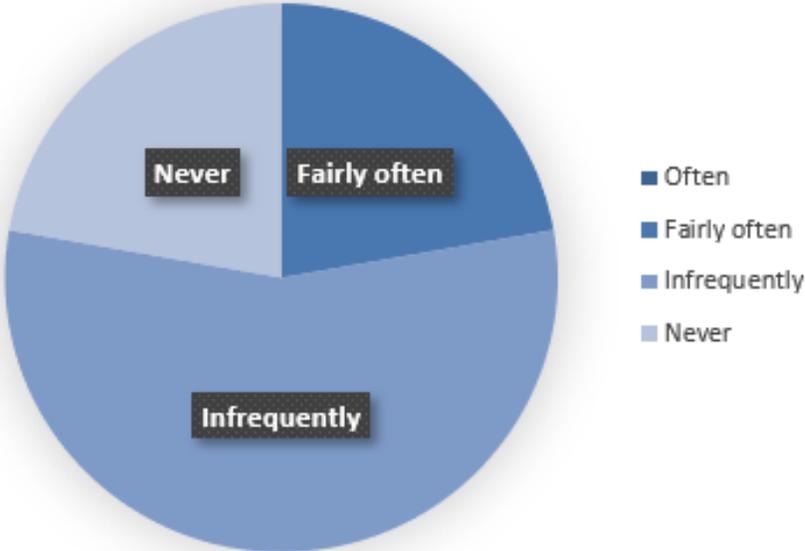
Do you sell consumables to your customer base?



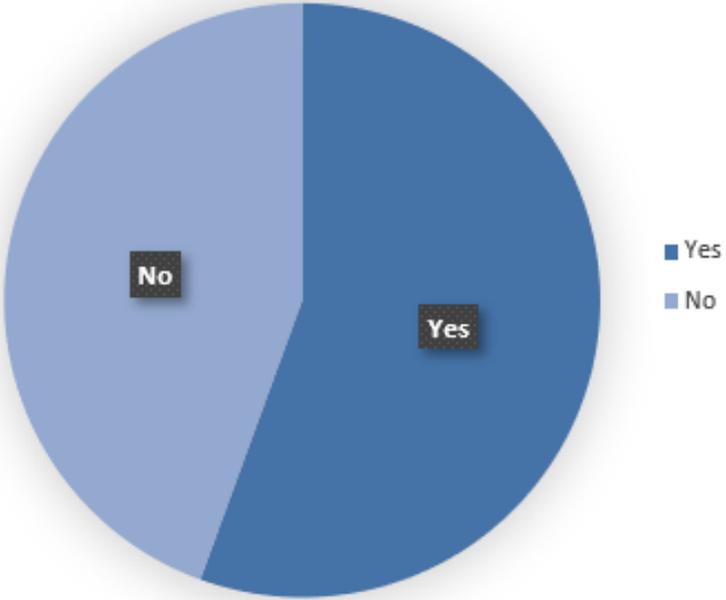
Review of Survey Results



How frequently do you receive requests for enhanced or flavored water?



Do you rent to residential customers?



Dealer Feedback



Caffe-K



Sparkling Water Coolers



Thanks!

