



Chasing Passive Income, Americans Turn to Vending Machines

How candy and soda machines became an unlikely trending investment idea of the 2020s

Jaime Ibanez operates 51 vending machines in and around Fort Worth, Texas. These three, located in a laundromat, generate about \$700 in monthly sales.

By [Joe Pinsker](#)
Journal

| Photographs by Desiree Rios for *The Wall Street Journal*

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With a brick of cash in his hand and a grin on his face, Jaime Ibanez shows his half-million YouTube subscribers a path to earning money without burning many calories: Vending machines.

In videos with titles such as “This Is HOW MUCH My Vending Machines Made IN 7 DAYS!!” the swoopy-haired 23-year-old Texan makes the rounds to his 51 machines, stocking them and taking the profits.

His channel promotes the idea that with diligence and luck, anyone can go from snacks to riches.



In his videos, Ibanez shows viewers how a vending-machine business works, from stocking machines with snacks and soda to collecting profits. VIDEO: Jaime Ibanez

Vending machines might seem an unlikely candidate for trending investment of the 2020s, but the idea has captured the imagination of Americans dreaming of easier money. Some pursue chips and soda as a side hustle because their regular paychecks aren't enough for them to get by. Others bet on vending machines as a ticket to upward mobility, to quitting their jobs and becoming their own boss.

The startup cost is low and the formula simple. Buy a used machine for \$1,500, load it up with products from [Costco](#), charge a 100% markup and let the crinkled dollars roll in. But turning a profit takes real work, and the machines can be a losing proposition when stuck in locations without enough hungry foot traffic.

There is a fair amount of competition, too. America has three million vending machines, an \$18.2 billion industry, with the average machine generating about \$525 in monthly revenue, according to the National Automatic Merchandising Association.

More than half of operators bring in less than \$1 million a year, according to trade publication Automatic Merchandiser. Many are individuals who have other jobs.



Ibanez and his fiancée, Lizbeth Galvan, usually spend three days a week visiting their machines.

Social media has fueled the notion of finding financial freedom in vending machines. Between 2019 and 2023, the number of posts or comments mentioning passive income and vending machines more than tripled on X and increased by a factor of six on Instagram, according to Sprinklr, a social-media management platform. Google search interest in passive income increased some 75% during that same period.

“There’s a real sense that doing things the so-called right way won’t necessarily land you in the middle class,” said Lana Swartz, a media-studies professor at the University of Virginia who researches financial technologies. “If the old rules no longer apply, then there’s a searching for new rules to get ahead or to get by.”

Some vending-machine newbies say they are on their way to building an automated empire. Others’ dreams get snagged like a bag of Funyuns on a faulty coil.

Making sales while you sleep

Last spring Rob Smith, a 30-year-old truck driver in Orlando, Fla., spent \$4,000 on his first machine, a credit-card reader and a load of snacks and drinks.

He recently acquired his fourth machine, which is at an industrial bakery. His first three machines take up three to five hours of his week and bring in about \$1,500 a month in revenue, which works out to roughly \$750 in profit.



Rob Smith, a truck driver, just acquired his fourth machine. He hopes to have 30 someday. PHOTO: GOLDEN GROVE MEDIA

“I’ve made sales at four o’clock in the morning, when I was sleeping,” he said. “That machine is still working whether I’m there or not.”

He hopes to scale up to 30 machines and quit his job.

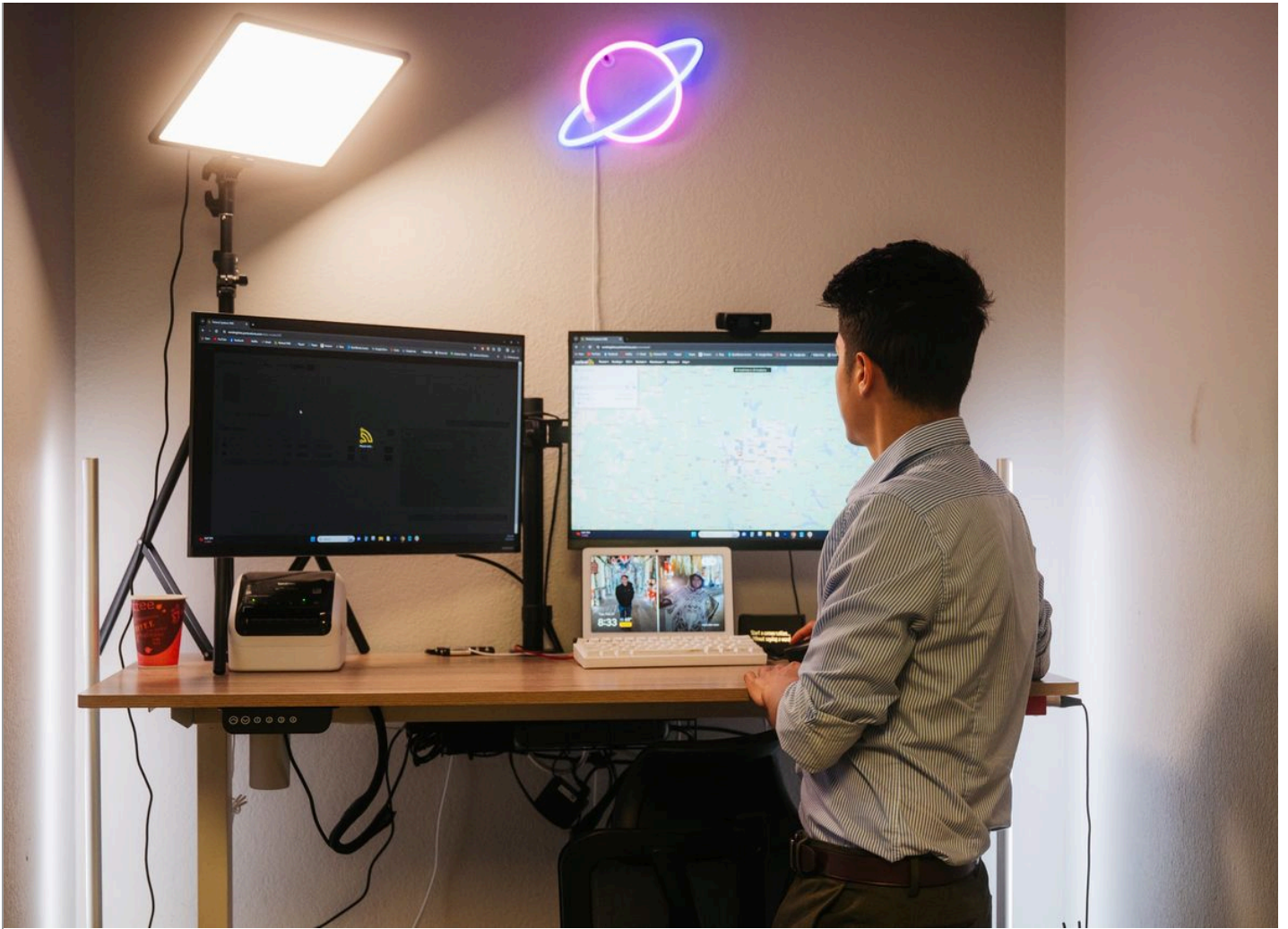
Smith started looking for extra income because his goal of buying a house felt out of reach with only his day job’s pay. He chose vending specifically after he witnessed a colleague complain about a malfunctioning machine at work and then use it anyway.

“He still put his \$2 in,” Smith said. “I was like, ‘I need to get a vending machine as soon as possible.’”

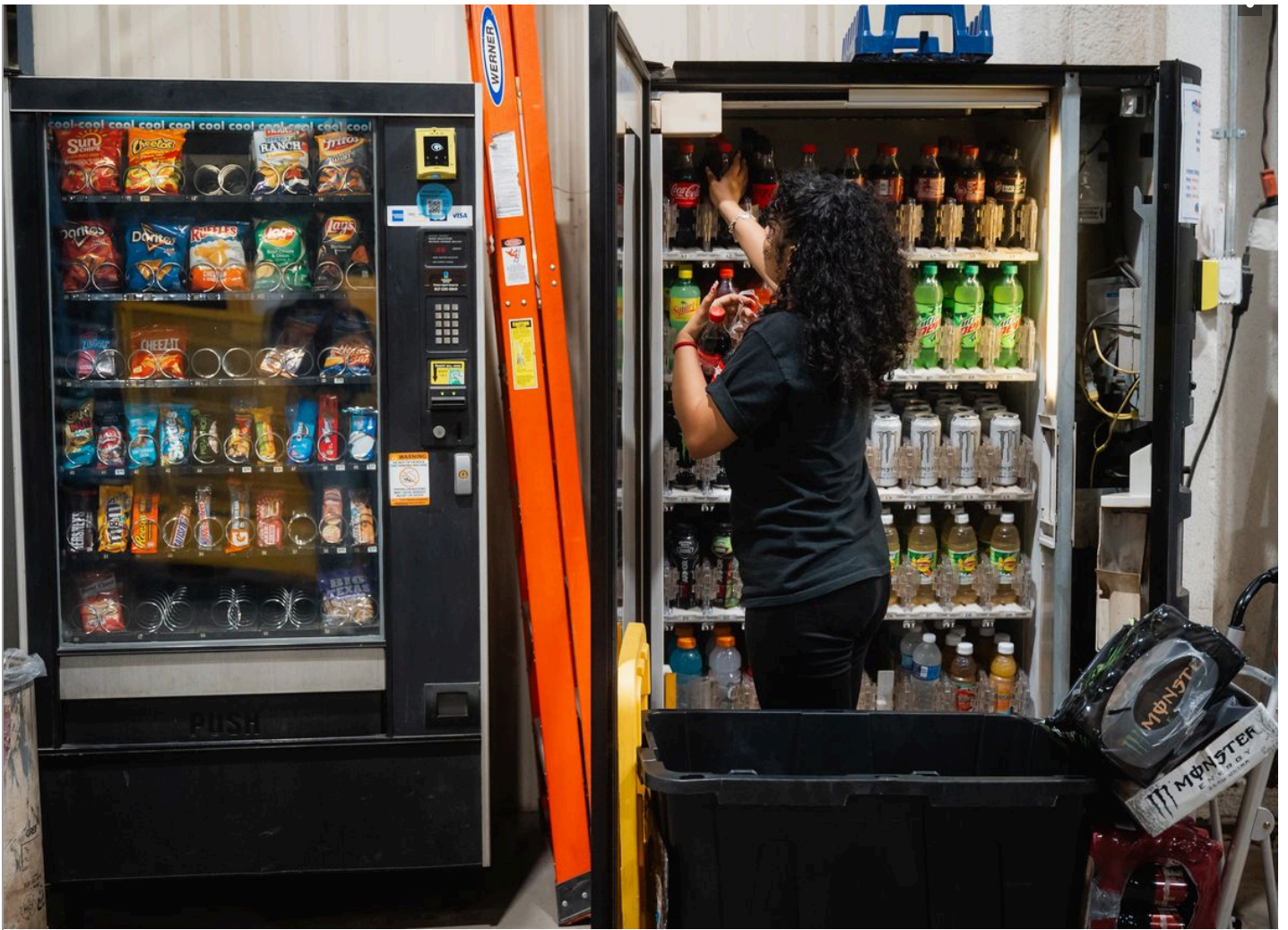
Some budding vendors pay \$300 or more for online courses to learn the trade. Smith relied on YouTube, Instagram and Reddit to get going.

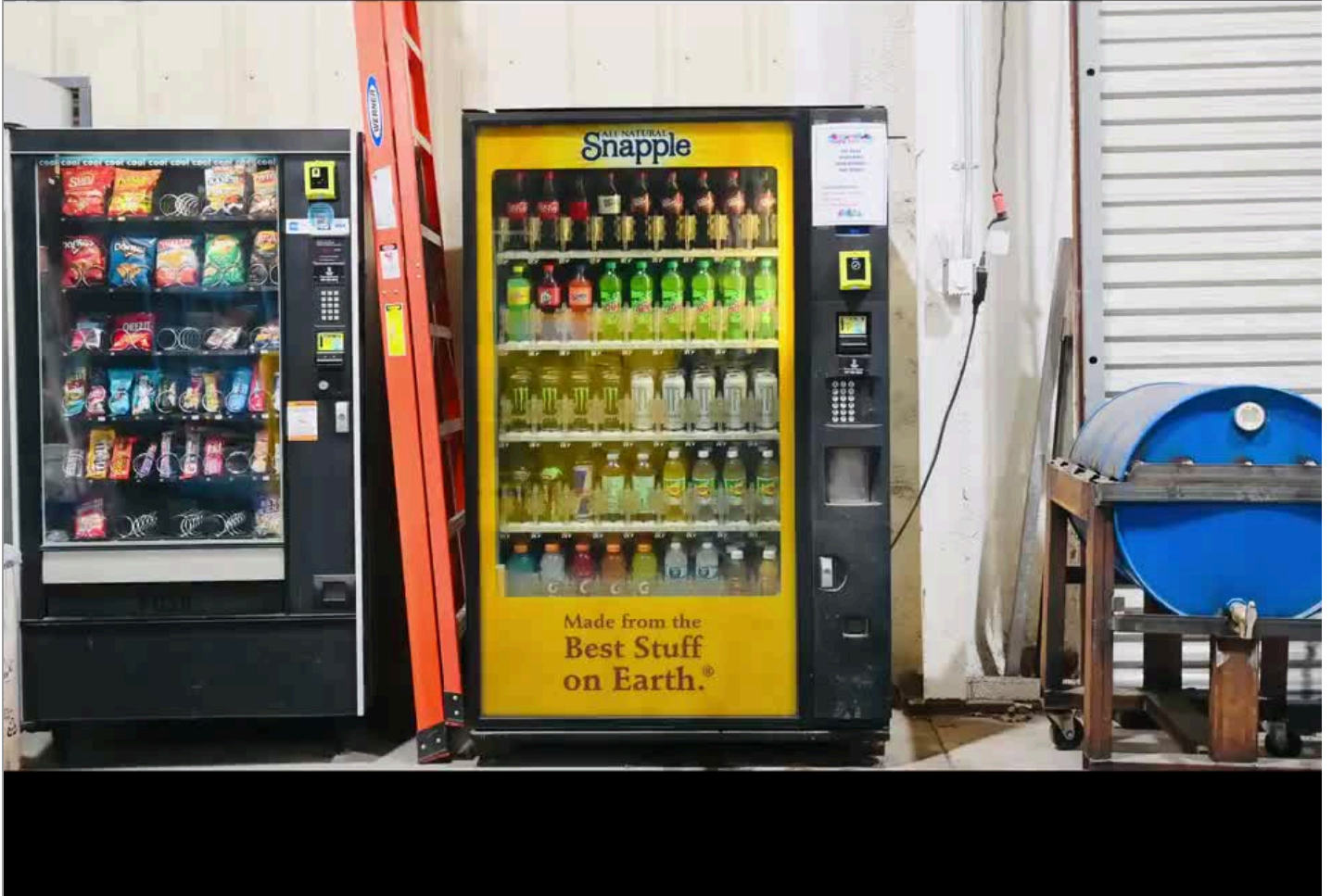
At one point, he stocked a machine with orange soda against the advice he got in an online forum. When it didn’t sell, he and his family had to drink three dozen cans themselves.











Here is how Ibanez's top-selling product, Dr Pepper, makes its journey from a retail store to slot A5 in one of his vending machines.

Ibanez pays **about 90 cents** for the bottle.
He will later sell it for **\$1.75**.

Ibanez uses software to monitor his inventory and see which machines need refilling.

The software costs \$12 per month per machine and is also available on his phone.

Ibanez rents a 2,200-square-foot warehouse for \$1,650 per month to handle the inventory needed for his fleet of machines.

This machine is at a sign-making business.
Filling it up with soda, energy drinks and
juice costs about \$200 per month.

The business doesn't charge Ibanez to keep his machines there. This drink machine does about \$500 in sales each month.



Empty calories

Tom and Missi Hakes of Midway, Ala., started vending after Missi, 40, saw videos on YouTube about the business. The idea seemed more appealing than their stints driving for Uber, shopping for [Instacart](#) and trying to make it as YouTubers.

The Hakes, who both have full-time jobs in health insurance, scouted out locations in Atlanta, the closest big city and two hours away. After their best lead fell through, they paid a woman they found on Facebook Marketplace \$500 to find a location for them.

She sent them to two spots that didn't work out, including a cheerleading gym. The manager there was on board until she learned that the Hakes hadn't operated a vending machine before.

Tom, 48, posted on a forum wondering how to address questions about their industry experience. At their next meeting, with the owner of a gym, they

reluctantly followed some of the forum's advice: They lied and said they had a few machines.

"We didn't want to get another no," said Tom.



If their machine doesn't start bringing in more money, Tom and Missi Hakes might give up on vending. PHOTO: MISSI AND TOM HAKES

He then spent a month repairing a used machine they bought for \$1,400, staying up on some nights until 2 a.m.

When it was ready, Tom and Missi struggled to wrangle it into the 15-foot U-Haul truck they rented.

"Two people is not enough to move an 800-pound machine," she said.

The Hakes spent about \$2,500 on their vending business, as well as 20 to 30 hours a week for much of last fall.

They pay \$50 a month to park it in the gym and it costs about \$330 to fill up. It is currently grossing about \$30 a week.

If anything, the income has been too passive, Tom said, "because it's not really doing a lot of sales."

If the machine isn't selling more by summer, the Hakes will consider leaving the location, or perhaps vending machines overall.

Hit Facebook Marketplace, then Costco

Used vending machines of questionable quality sell online for as little as \$500. More reliable ones cost in the range of \$1,000 to \$2,000, according to veteran vendors. A new machine with a touch screen and a robotic arm could cost upward of \$7,000.

Many used machines have a maintenance issue about once a year, and they need to be cleaned. Cash is dirty, said Ben Gaskill of Everest Ice and Water Systems, a vending-machine maker. “Somebody digs around for coins in the bottom of their purse and it’s got grape jelly on it.”

Vendors shop warehouse stores like Costco and Sam’s Club to stock up. One machine’s worth of snacks or drinks can cost \$200 to \$300 a month. Owners then charge about twice what they paid for each product, or more. Prices of food from vending machines were up 10.6% year over year in January, according to Labor Department data.

The top-selling items in vending machines are cold drinks, snacks and candy, according to the latest data from Automatic Merchandiser magazine.

“No matter how healthy you try to make the machines, people are going to buy that Snickers bar,” said Lory Strickland, who sells courses and one-on-one coaching with her husband, Barry, under the name The Vending Mentors.

A never-vending story

Selling online classes and coaching can sometimes be more lucrative than a given moneymaking idea itself, said Swartz, the University of Virginia professor.

In online forums, she said, “there’s the joke that if there are people making courses about it, then it’s already oversaturated as a side hustle.”

To capitalize on interest in vending, some experienced operators started selling their expertise to supplement the income coming in from their machines. Some transitioned primarily to training.

Hyping the vending-machine dream predates the internet, though. The first machines in the U.S. sold gum and appeared on train platforms in 1888.

In the 1940s, media outlets cautioned about “get-rich-quick schemes” promoted by “unscrupulous agents involving vending machines.” In 1960, the magazine now known as Kiplinger Personal Finance warned of “vultures in the business” who promised “that an \$800 investment may produce \$200 a month, and that only a few hours of work a week are required to enjoy such rich pickings.”

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PL

Paul Leavitt

...

5 hours ago

Would Ozempic and Wegovy eat into your profits if you sold junk food out of a machine?

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PL

Paul Leavitt

...

5 hours ago

No one mentioned insurance. I would think break-even would be even harder when one factors in the cost of insuring these machines against damage, and even more expensive, insuring the operation against liabilities (e.g., you know some Darwin Award winner is going to try to tilt the machine to get a stuck item out, and then ka-boom it falls over on him -- then there will be a personal injury lawsuit; or someone claims their hand got injured while taking out there soda -- the possibilities are endless). Also if I was a property owner who had agreed to vending machines on the property I would insist the vending machine operator have liability coverage and that I be added to the insurance as an additional insured.

(Edited)

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RW

Russell Walker

...

5 hours ago

First of all, hats off to those mentioned in the piece for showing the American spirit of entrepreneurship.

The activity is clearly active and taxed accordingly. Subject to sales tax, state and federal taxes. Still, it looks like a cash business and revenue reporting is on scout's honor. Lots of deduction opportunities: vehicles and use of home garage if deployed for storage. Maybe even sampling products can eat into o one grocery bill.