

# Pioneer Vending Reaches its 100th Year in Route Operating

## Westerhaus Hosts Party to Celebrate Unique Occasion

**C**incinnati-based Pioneer Vending has completed 100 years as a street route operation, which is a singular event considering that the industry itself isn't much older than that. President Bill Westerhaus, his family members and key staffers celebrated the hall-mark event with a big backyard party at their headquarters in the city's suburb of Cheviot on Friday, Aug. 28. Set up beneath a giant tent, it was the capstone to a day marked by floral tributes, cards and letters, and the appearance of friends old and new, including some competitors.

Officially called Pioneer Service, Inc. but known throughout the territory (and the industry) as "Pioneer Vending," the company is not only the oldest route combine in the Ohio/Kentucky/Indiana region but with just under 1,000 locations under its umbrella and over three times that many machines, it's also considered the largest.

To run it, they employ 62 people, most of whom report for work at headquarters while the rest work "virtually" from their homes in the outlying reaches of this huge route. They also run 39 vehicles of various sizes to move machines and pull service and collections, many of which are networked with their two-way radio dispatch desk.

Besides jukeboxes, countertops, six-pockets, video golf



**Bill and Terri Westerhaus** with the birthday cake that spoke for itself at their August 28 centennial celebration. Pioneer's red brick route HQ, which they've occupied since 1941, was depicted in frosting and proved more than good enough to eat.



**A plaque commemorating** Bill's role in growing the 100-year-old route combine was a gift from family and employees who chipped in money for the award and words for the message.

and the other staples, Pioneer is involved in promotions on pool, darts and *Golden Tee Golf*. They also run cranes and other self-vending prize units, vend cigarettes and even wholesale pull tabs and soft drink syrup to tavern owners. Besides Cincinnati, other major market areas they serve include Louisville, Indianapolis, Columbus, Ft. Wayne, Dayton along with many smaller cities and towns in this heartland region of the U.S.A.

Despite the use of the word "vending," the company principally provides music and amusement games for street accounts (they once tried commodity vending, but got out of it). And, for all intents and purposes, they no longer operate any arcades. As mentioned, however, they continue to operate cigarette machines, though hardly as extensively as before anti-smoking ordinances severely hurt that part of the operation.

"We are your classic street operation, although a rather extensive one," advised Westerhaus, who joined the company full time in 1975 and whose first important assignment was to build up their cigarette routes. That came after many years of part time work while completing school (he said his first job at the place was as a teenager painting some pinball machine legs red; legend is that some spilled paint can still be found on the shop floor).

## Pioneer Vending History Lesson

Pioneer Vending was founded in 1909 when a Cincinnati factory worker named Joseph Westerhaus decided to switch jobs: he picked up his guitar and began making his living as a minstrel going from bar to bar, playing live tunes for tips. During each visit, he'd pop a rudimentary payout game onto the bar top for the folks to fool around with. Soon, he was leaving these games here and there and in a short time had built up a mod-



**Joseph Westerhaus Sr.,** founder of the company in 1909, with wife Frances, daughter Mildred and Big Joe when he was a tyke.



**Before he took over** his father's modest route in 1934, Big Joe Westerhaus made a good buck delivering bread to Ohio groceries from the Pep plant in Indiana. He did it a penny a loaf!

est route. The founder died unexpectedly, however, in 1934 at the age of 46.

But he left a son of the same name...one with a more dynamic business personality who would become well known throughout the Midwest as the years went along. This young man, Joe Westerhaus (he didn't use Jr. in his name) took the little game route over at his father's death and, seeing a future for the newer electric pinball games and jukeboxes coming out, set his sights on the coin machine business.

Investment money came from a successful bread delivery business he'd been operating (with only a penny markup per loaf sold to local grocery stores, Westerhaus literally made thousands of dollars delivering bread he'd pick up

himself from the Pep Bread bakery in Greensburg, Ind.).

"My father was blessed with drive," son Bill has often said. "He was also a giant in practical knowledge, so he was able to sell his services to the bar owners as well as fix machines when they went down. He was one of those guys you'd call 'born to the business' and he proved that as the years went on," he added.

The Great Depression blanketed the land, but the numerous speakeasies provided comfort during this time of alcohol prohibition. These and other places became the foundation blocks for a business that made its money from nickels and dimes dropped into machines that sometimes dropped them right back out (payout games like bingo pin-

balls... "6-cards"... ran in certain areas back then and Pioneer had its share).

Joe and his mom Frances ("his partner") ran the growing business from her home in Cincinnati from 1934 until the year 1941 when they built the company's present headquarters at 3726 Kessen Avenue in suburban Cheviot. What looks like a large (very large) brick house from the street shelters a complete jukebox and games company inside, from offices to shop to parts and supplies rooms to a product showroom.

With the addition of an annex in 1948, the building offers 18,000 square feet of working space. The concrete name plate on the front reads "Mildred" for Joe's sister, and to complete the family touch, Frances moved into an apartment on the top floor. Even today, that floor is rented out to some retired people who have nothing to do with the industry.

In the immediate years to come, Joe Westerhaus formed a direct buying relationship with Bally, the leading maker of the 6-card machines. As marketing rules became more defined, it became an embarrassment for Bally to be selling so many machines to an operator. So, that operator became a distributor. Westerhaus formed Royal Distribu-



**On Aug. 5, 1984,** they celebrated Joe's 50th year in the business at the Western Hills Country Club. From left, the fellow we knew as "Joe Jr." (Royal), Bill Westerhaus, Ann and her husband Joe, their daughter Nancy and employee Dennis Hilligan.



**Bally was Joe Westerhaus' first big line** at Royal Distributing Co. In their showroom back in the late '50s, from left, were Joe W., Joe Parisi, Harold Hoffman and Bally's iconic topper Bill O'Donnell (who reportedly made the *Funway* bingo Ohio-legal in 1958).

ting in Cincinnati, offered Bally and a few other lines like Wurlitzer music boxes and eventually put another son, Joe Jr., in charge.

## Bill Joins Full Time

While his older brother ran the distributorship, Bill came aboard the route in May of 1975. Within a year, Ohio banned bingo pinball. It happened around the same time their state lottery went into business. Coincidence? So, the “old man” gave Bill the mandate to help make up for lost revenues by expanding their cigarette operation. Before the smoke was clear, around 500 more machines were cranking out packs of cigarettes on Pioneer locations. “Let’s say we were a bit aggressive in replacing the income lost to the 6-card ban,” he allowed.

Shortly after he came on full time, the industry itself exploded with the arrival of solid state pinball machines followed by videogames in the late ’70s. Like most other operations, Pioneer prospered from these twin booms while suffering the annoyance of wannabe newcomer operators and the demands of location owners for all the new toys the operators could (or even couldn’t) afford.

When the boom came to an abrupt end in the early ’80s, the industry returned to what were and still are called “the basics.” Big Joe Westerhaus had taken a back seat to his son Bill in day-to-day management in 1987, and then passed away in 1989. Brother Joe Jr. wound down Royal Distributing to devote his energies to his own route, and passed on himself last year.

Today, Pioneer Vending faces the same obstacles to growth as nearly every other route: smoking legislation,



**A total of 18,000 sq. ft.** of office, shop & showroom space is provided by Pioneer’s Cheviot, Ohio HQ. The sign over the front door reads “Mildred” for Joe (the builder) Westerhaus’ sister.



**That friendly voice** you hear when you call Pioneer belongs to receptionist Kristy Korb. She fields calls from locations, helps dispatch service vehicles and also does a bit of accounting work.



**Shop foreman Lance Litschgi** (left) visits Jay Roush at his bench. Lance says Jay is a “Megatouch expert.” Pioneer employs over two dozen men in their service department.



**Pioneer Vending** is definitely a family affair when you look real close. That’s Bill’s brother Terry and sister Nancy in his office prior to the party. Both have put in their years working for the company.



**The front office queen at her desk:** 10-year company veteran and office manager Lori Brozonis does the daily collection accounts and heads up human resources, besides a thousand other duties.



**Out back in the shop,** some of the guys are caught blowing up party balloons. From left, salesman Bill Baxter, sales chief Jeff Hettesheimer, salesman Luke Adams and shop foreman Lance Litschgi.



**By the rear/left fender** of the ’54 GMC pickup he fully restored, route salesman Bill Baxter (with Bob Tallarigo) gets set to unload an old Rock-Ola that Pioneer acquired when they bought another route.



**Ever-vigilant** (sort of, anyway), Pioneer’s “director of security” Riley confronts the *RePlay* cameraman while guarding his master’s office door. Riley is Bill’s 120-lb. bull mastiff. Nice doggie! Stay!



**Distributor and fellow operator Steve Shaffer** (right) presented Bill, Terri & their son Luke with a 20-lb. crystal block etched with the horse and buggy art Pioneer used on its party invitation. Classy!



**Indiana operators Terry and Earl Groll** (Alpine Amusement) drove in for the affair from Connersville. Since this photo was snapped, Earl celebrated his 90th birthday and is still hale and hearty.



**A very welcome guest** was Pioneer bookkeeping veteran Thelma Hopper who, believe it or not, worked there over 50 years before retiring in 2006. Five other employees have been there over 25 years.



**Shaffer's prexy Bill Kraft** under the tent with beautiful Pioneer ladies Sherry Hamon (accounts receivable), Lori Brozonis (office manager) and Diane Hess (accounts payable).



**Partygoers from left:** Scott Shaffer, Kate, Bill and Julie Westerhaus and Andy Shaffer enjoyed the afternoon. Good weather, a great buffet and plenty of friendship themed Pioneer's 100th anniversary affair.



**Terri and Lori** and other Pioneer girls take a snap. Around a dozen of the company's employees are women, and most do front office work.



**Veteran Arachnid** regional sales manager Warren Morgan (left) with Pioneer's own sales manager Jeff Hettesheimer in the driveway where some old company photos were on display for partygoers.



**Steve Shaffer** (left), who's celebrating his own company's anniversary (80th), with his Columbus parts guy Ted Wolford and Valley View (Cleveland) branch manager Matt Ottey. All enjoyed the afternoon.

DWI enforcement, a shrinking tavern industry along with the constraints on spending from the Recession. But, the company has purchased eight other routes since 1984 and through that horizontal expansion has managed to keep growing. "This hospitality industry our company serves is shrinking," said Bill. "So, right now, the best way to grow is by buying other family-owned coin machine businesses. We are competitive out there, but since we don't care to get into 'jumping' or 'bumping' wars with other operators, we keep our eyes open for acquisition opportunities," he added.

On the morning before the anniversary party started, Bill and Terri's son Luke gathered part of the staff together in their showroom for a surprise presentation of an award they all chipped in for. He said the company had weathered two world wars, the Depression and some other conflicts during its 100 years of existence.

"Today, however, is not just about being around for a century but also about the man who led us here," said Luke, presenting Bill with a rendering of the plaque-in-progress which carries a likeness of the boss and the wording:

"Founded in 1909, Pioneer Vending is family-owned and operated. Three generations of the Westerhaus family have shared a vision and commitment to providing compassionate, personalized service to their customers. The employees of Pioneer Vending are honored to present this in celebration of 100 years of service."

*Happy Birthday, Bill, Terri, Lance, Jeff, Luke, Lori and everyone else who makes the mighty Pioneer Vending engine hum.*

— your friends at RePlay

# Conversation with Bill Westerhaus

**RePlay — Few companies ever get to be 100. How does it feel to run one?**

Westerhaus — I feel like I'm a caretaker for a business that was put on this earth by family before me. I also feel a responsibility to carry on their basic philosophy which means respecting the customer and his needs in all ways possible. If this sounds a little idealistic, remember you're talking to a guy who believes that this company has been blessed by God.

**Do you still enjoy working or are you starting to feel like you're a 100 yourself?**

I'm hardly ready to throw in the towel, but I will admit that youthful passion has worn off a bit. I guess I miss the action of the boom days, especially when I look at the industry today. Now that I said that, I am excited about the beverage supply division we added around eight years ago. We supply bars with the syrup and the machinery that pumps out those colas and sodas. That's been a lot of fun to establish and grow. And I always get excited when we can help people who want to sell their coin machine businesses to us. That makes for a real win-win!

**What about the rest of the Westerhaus family. This is a family business, right?**

Oh, yes it is. This business allowed my wife Terri to stay home all those years and raise our five kids. Now, with that accomplished, she's come here to be our general manager. Terri's doing an outstanding job, and is excited enough about what happens each day for both of us. And some of those five kids will also be there to step in where we leave off. Our oldest son, Luke, is already cutting his spurs in our sales department. Every one of

the kids has worked part time around this place over the years including our girls Kate, Beth and Julie and our youngest, 16-year-old David.

**Do you personally deal with locations anymore?**

A few, especially some longtime customers who go way back with me. But mostly I devote my time to management duties. Remember, we have a staff of 62 employees here in sales, or service or some other form of route work who handle any needs or complaints from the accounts. But, with so many hundreds of locations on our roster, you know that some of them are going to want to talk directly to me at times.

**How are relations with the other operators you compete with in your tri-state area?**

If you're wondering if it's competitive, it absolutely is, especially right here in Cincinnati. But, we maintain cordial relations with a lot of operators, though I guess we could be better friends and be even more cordial if we weren't all in the same business (laughs).

**That business has softened up for a whole lot of route people these days. How's it going for you?**

I'm a numbers guy, so I can tell you our collections are presently up by, say, around 2%. That said, the biggest reason is because we've added in the earnings from a route we recently purchased. If it wasn't for that, we'd be off. Specifically, digital music has been up, pool's also been up,

though only slightly, while video golf and touchscreens have been down maybe 10%. The biggest blow we've taken came from the public smoking ban. We lost a ton of cigarette accounts. And, there's no use for the machines, so we junk them. On top, if a person can no longer smoke in his local bar, there's a very good chance he's not going to spend much time there. So, there go collections on the other machines. It's been a blow.



**A whole lot of industry people right now are looking to legalized gambling as a salvation. What's your view on this hot button issue?**

If the state decides to permit the installation of these machines, and allows operators to participate in that business, I'll be a part of it. On the flip side, if they try to legalize these things but cut the operators out, I'll be one of the loudest opponents you'll find anywhere in this state. Even if legalization happens and operators are brought in, I won't be all that happy about the cash outlay and financing headaches we'd have to go through to get machines out there up and running, not to mention the cost of licenses and other paperwork.

**Going back to amusements, what are your memories of the electronic pinball and video booms?**

I miss the revenues, of course, but I don't miss the location demands for new equipment. "Gimme this, gimme that, or you're outta here!" I hated that. And to top it off, all this bad competition showed up to carve out its share of the gold. Truthfully? I guess I really wouldn't want to go back to those days.

**What's been the best job you've had in your career?**

The best time was those three years when my father told me to go out there and build us a cigarette machine division. It just clicked. . . selling the accounts, buying and placing the machines, stocking the packs, the whole thing. It was my responsibility and it worked out.

**Has this company been good for the family?**

Absolutely. It was fun watching the kids playing the games when they were young. I used to run around the office myself when I was a kid doing the same thing. Every one of our kids has put in hours working here on one thing or another and that gives them a valuable work ethic. A family business where the word "family" actually means something is a blessing.

**What's in store for route operators in times to come?**

I guess more of the same old, same old for a while. You know, work harder to make the same amount of money while keeping your eyes out for that great attraction that's going to lift spirits and collections way up there. If and when such a machine comes along again, we'll be poised to seize the moment! ◆