

# Convenience Store News

WHAT'S NEXT IN CONVENIENCE AND PETROLEUM RETAILING

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## Pilot Uses "Rocket Science" to Boost Profits

Multivariable testing lifts the company's marketing, merchandising and advertising strategies to more profitable heights.

Tobacco Adapts to New Realities

Spicing Up Salty Snacks



# STORE OF THE MONTH

Street Corner

## Mall Madness

Street Corner's store in Arizona Mills Mall is the second to feature the chain's new design, while the company expands into new venues

By Tammy Mastroberte

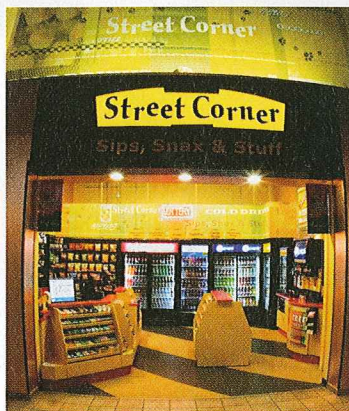


Unlike typical convenience stores, which have grown in size to as large as 3,000 square feet or more these days, Street Corner locations range between 300 and 800 square feet — but pack a lot of punch into that small space.

Candy, gum, snacks, packaged beverages, health and beauty care, coffee and a dispensed beverage section can be found in most of them, but foodservice is left to the vendors surrounding them.

“All of our stores are in the food court area of malls right now,” said Peter La Colla, CEO of McColla Enterprises Ltd., which franchises the Street Corner concept. “We are the masters of working in small spaces.”

Typically, a store will have six to eight cooler doors, but those operating with less use iced troughs, and many have coolers built into the counter, which La Colla said moves



Street Corner's new store design reduced building costs and incorporated "green" elements faster than the cold vault.

It all started in 1988, when La Colla opened his first location called Street Corner Cuisine, selling hot dogs, shish kabobs and bagels in the food court of West Ridge Mall, located in Topeka, Kan. Six months later he opened a second store there called Street Corner News, which sold snacks and other convenience items, and then partnered with Daniel McCabe,

now president of the company, to franchise the concept.

Today, McColla Enterprises has an agreement with General Growth Properties, which owns more than 100 malls throughout the United States, to open franchised kiosk locations in addition to its standard mall locations. To date there are 49 Street Corner stores in 20 states.

One of its newest stores in the Arizona Mills Mall in Tempe, Ariz., is the second to use the company's newest design, developed to reduce building costs, offer a more visually appealing look and incorporate green elements, La Colla explained. The company hired a designer from Long Island, N.Y., who “very successfully wrapped up all three elements into our new

design,” he noted.

The Arizona Mills Mall location is 460 square feet and opened in December 2009, but the change from the previous prototype started in June 2008. One of the biggest issues La Colla wanted to deal with was the expense of opening a store, which at the time cost a franchisee upwards of

\$200,000 in construction fees. By switching to new, environmentally friendly flooring, swapping solid surfaces with laminate surfaces and utilizing things already present in the space, the company succeeded in building the Arizona location for \$100,000, a more than 50-percent decrease in costs.

“We went to rubber flooring made from recycled tires, while alternating three-foot

### The Bottom Line



- Street Corner stores range in size from 300 to 800 square feet.
- The new design reduced building costs by 50 percent.
- The company plans to expand to universities and office buildings.

# STORE OF THE MONTH

## Street Corner

stripes of orange and black,” said La Colla. “It’s very handsome, and it’s quiet and soft on your foot. It’s not only cheaper, but it’s also environmentally made.”

The slot wall switched to black, which is a more neutral color, and laminate replaced all previous solid surfaces, which decreased costs as well. And in Arizona Mills, the store Street Corner replaced already had a gate, so that was one less investment needed.

While the design itself is different, the company kept its logo and tagline, which is “Sips, Snax and Stuff,” as well as the mural, which is “an identifying feature in the stores,” originally introduced in 2005 when the company started franchising locations, La Colla explained.

### PRODUCT MIX

The product offering in the mall world is pretty similar to other c-stores, and it varies depending on the size and surroundings. For example, those with extra space and little competition will offer cigars, said La Colla.

However, fountain and coffee are big sellers at all locations. “Beverages, both fountain, coffee, tea and bottled, are an important part of our sales, along with candy and snacks,” he noted. The company sells proprietary-branded iced tea called Miami Iced Tea Jubilee, which is made with oranges and displayed in a big glass jug with fresh cut oranges on the sides.

“Our average fountain sales represent 20 percent of total

store sales, although it varies regionally,” said La Colla. “The soda fountain is stronger in the middle of the country compared to the coast, but we pick up in

ing its Street Corner concept into kiosk locations, which will take the place of previous mall information booths, allowing the franchisee to be up and

and the franchise fee — for between \$90,000 and \$100,000.

The company tapped an aircraft designer named Lance Rake to create a high-tech look for the new 10- by 15-foot standard design. While the kiosks won’t offer fountain drinks, it will still offer packed beverages in custom coolers built into each unit.

Additionally, McColla Enterprises has a deal with a food services and facilities management company, that works with 700 universities where it serves food, as well as corporate office buildings and military operations, La Colla noted.

“We are an approved vendor for them,” he said.

“We see big growth opportunities in office buildings and universities for our concept.” He is also working on using RFID technology into Street Corner locations, as well as self-check-out rather than placing a sales person behind the counter, which he believes would work well in the office building environment.

“Employees could use their ID card or even thumbprint technology to allow the system to release the items for sale, and allow the person to leave the store with the items,” he noted. “If there is abuse or theft, it would all be captured on video tape. I wouldn’t try it in a public area like a train station, but on the third floor of a multi-floor office building of employees or at a hospital, it could work.” ■

For comments, please contact **Tammy Mastroberte**, Executive Editor, at [tmastroberte@csnews.com](mailto:tmastroberte@csnews.com).



On average, fountain, coffee, tea and packaged beverages make up 40 percent in overall sales, and Street Corner stores typically offer six to eight cooler doors.

more of the energy and specialty bottled drinks there.”

On average, fountain, coffee, tea and packaged beverages make up 40 percent in overall sales, and all the coffee and fountain drinks are Pepsi-branded. “We offer free refills on all fountain drinks, which is important because the mall employees will bring them back multiple times a day, which gets them in our store,” said La Colla.

Tobacco is still an important component as well, but is declining, while lottery is sold at most locations and is very popular, he explained.

### AN EXPANDING FUTURE

Under the agreement with McColla Enterprises is expand-



running within a day or two, said La Colla.

Currently between 30 percent and 40 percent of the locations are kiosks, and the company is debuting a new design for them as well. “They are now completely modular and pre-manufactured so they won’t require on-site construction, dropping the costs more dramatically,” La Colla explained. A kiosk can be up and running — minus inventory