

Retailers' retailer

STREET CORNER SELLS REFRESHMENTS AND SUNDRIES TO MALL WORKERS

By Jesse Serwer

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ALLS, RETAILERS

and their workers take care of the shoppers who generate the business that sustains and employs them all. In turn, someone should take care of all these retail and mall workers. And that is the premise behind Topeka, Kan.-based Street Corner, a chain of 50

convenience stores across 19 states. The concept tries to make life more accommodating for the shop clerks and the maintenance workers — and even for the occasional mall shopper — by bringing such convenience items as packaged snacks, cigarettes and aspirin to malls, where they might otherwise be unavailable.

“The customer base here is really the employees; anyone on top of that is a plus,” said Thomas Cieslak, a franchisee who opened Arizona’s first Street Corner store, at Arizona Mills, in Tempe, last year. Cieslak figures mall employees account for some 60 to 70 percent of the sales at his store. “We do free refills on our fountain drinks, and all day they will come back with their receipt and refill their cup. The good thing is they always grab something else.”

Now Street Corner, whose stores are all franchisee-operated, has begun

opening stores in office buildings, at universities and on other high-traffic campuses. “Our goal is to become one of the most adaptable convenience retailers, using viable locations that are overlooked by other merchants,” said Peter La Colla, Street Corner’s CEO and a co-founder with Daniel McCabe, the company’s president.

The chain has formed a partnership with the U.S. division of [AECOM](#), a provider of facilities management and food services. Street Corner is to be the U.S.

convenience brand for [AECOM](#), whose U.S. division operates at some 700 colleges and universities across the country. Street Corner expects to have some 15 or 20 franchisees at American colleges by year-end.

“I think the number of those stores will quickly rival what we’ve built in regional malls over the past 20 years,” La Colla said. “There’s more opportunities within [AECOM](#) network than all of the regional malls that meet our criteria.”

This is not to say that Street Corner is turning its back on malls, though the company’s standards for them do remain high. “Our minimum guidelines for a regional shopping center is 700,000 square feet of gross leasable area, sales of \$300 per square foot and 80 percent leased or better,” La Colla



ONE OF 50 STORES IN 19 STATES

said. Recently, the company reduced construction costs on a typical in-line store, which can range between 350 and 1,000 square feet, from \$200,000 to \$100,000.

"Cost is an important issue, because we are a franchise company driven by franchise sales," La Colla said. "If there's one thing that hurt us during the downturn, it wasn't that our store sales declined, because they barely did, but our franchisees were unable to find financing to build out stores."

For adaptability Street Corner developed a 200-square-foot kiosk that accounts for much of its recent growth. And the company is working out a plan for entering some

Properties malls. A prefabricated prototype will allow franchisees at these locations to set up shop almost instantaneously, La Colla says. "It will be in turnkey shape for \$90,000, including inventory and franchise fee," he said.

The history of Street Corner, launched at West Ridge Mall in 1988, is hardly lacking in color and drama. La Colla and McCabe met at Dutchess Community College, in Poughkeepsie, N.Y., where La Colla was a student and McCabe his law and business professor. They made plans to go into business together after La Colla, then moonlighting as a street food vendor, retained McCabe to represent him as he kept getting arrested for selling food in the street.

Initially, they planned to open a New York City-themed eatery at a local mall that soon backed out of the deal. "I started looking around the country for similar malls," La Colla said. "None of them wanted to talk to me, being a 20-something-year-old kid at the time. But I struck up a deal with Simon, packed up my Buick, drove out to Kansas and never left. [West Ridge

Mall] was the only decent mall that would take me."

Howard Grody, senior vice president of leasing at CBL & Associates, which has Street Corner stores at eight of its properties, says the chain fills a niche that has been lacking in malls of late. "Over the years, drug-stores have left malls and gone to

freestanding locations, and there is often a need for staple items, whether it's aspirin or other everyday needs that you can't find anywhere else in the mall." **ECT**

For leasing information, contact Augie Meier, director of store development, at (785) 272-8529, ext. 104, or augie@streetcorner.com.



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