

# Convenience Store News

## Street Corner Moves Into Offices, Campuses

By Barbara Grondin Francella

The April 2010 issue of Convenience Store News featured a story on Street Corner, a franchise convenience store concept initially designed for the country's upscale malls.



Street Corner says its convenience store concept can slash franchisee building costs.

The stores, which range from 300 to 800 square feet, offer candy, gum, snacks, packaged beverages, health and beauty care, coffee and dispensed beverages. At this time last year, the operator of 50 stores in mall food courts had opened two stores with a new cost-efficient design that cut in half a franchisee's building cost, now \$100,000. The company was in the early days of a new relationship with Sodexo, the foodservice and facilities management company that works with universities and corporate office buildings.



With Sodexo as its first corporate franchisee, Street Corner's growth strategy has moved beyond mall stores and a kiosk concept that would take the place of mall information booths. The economy and its impact on franchisees' ability to secure financing has dampened store growth in the last year, but CEO Pete La Colla said the more cost-efficient store model, the move into campuses and offices and a new concept – the clerk-less Street Corner Express – has strengthened the company's position.

"The revamped store design, a better-looking, refined store that requires less capital costs, is very important when the pool of franchisees has been mostly limited to those who, because of the limited financing out there, are paying cash for a store," La Colla said.

Still, with only 200 malls meeting Street Corner's criteria as potential store or kiosk sites – La Colla foresees having, at most, 120 mall locations – the relationship with Sodexo presents the greatest growth opportunity. "This is a big deal for us since it takes away the issue of a lack of financing to build

stores," La Colla said.

Given the overhead of the typical c-store, the Street Corner Express stores also hold great potential, he noted. The self-serve concept, which can be built in as little as 150 square feet, would require no in-store personnel and can be built for \$60,000 to \$80,000, including all cabinetry, branding and equipment.

Customers will be able to pick up products that are RFID-tagged in a central warehouse. For instance, building employees will walk in, take the products they'd like to purchase from the shelves and approach the RFID checkout equipment, where the purchase is tallied. Customers will pay with cash, credit or debit card, prepaid card or employee badge ID, among other payment options. "Products don't have to be scanned or even taken out of a pocket," La Colla said.

Once acknowledged by the RFID checkout, the products will be freed from the site's security system, allowing them to

pass through security gates without activating the system. Security cameras will record video 24 hours a day, activated by motion detectors. If a customer leaves without paying, the operator will receive an e-mail detailing the day and time of the event.

The point-of-sale system also will track expiration dates so the retailer can remove outdated product, and will keep a perpetual inventory for reorders.

Street Corner will provide a customized level of support to each Street Corner Express franchisee, from training to 24/7 monitoring. The store also may be set up with a live help button that uses voice over internet protocol technology to directly communicate with customers who need help.

Street Corner Express franchises are being sold by territory. So far, Street Corner has sold two, one in the Topeka/Lawrence/Kansas City, Kan. market and another north of Chicago. A franchisee fee, which is paid upfront and covers unlimited growth, is negotiated for each territory. The stores, which can be monitored via computer from any location, will offer more packaged food items than the Street Corner mall locations, which are restricted from competing directly with the mall food courts' foodservice operators.



The Street Corner Express store model requires no in-store personnel.

Street Corner also has switched POS system providers. New stores will be equipped with PC-based cash registers running pcAmerica software. (Existing stores will be upgraded as franchisees request the system.) The new software allows operators to offer gift cards and loyalty programs and gives Street Corner more detailed inventory tracking data, down to the item level.

The first store offering a loyalty program is in the Warwick Mall in Warwick, R.I. "The programs can be customized by store," La Colla said. "Since the stores are spread across the country, we don't need to cross-market programs to each store, though at some point we may want to offer a national loyalty program."

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