

From Corner to Corner

Street Corner is on a mission to meet the needs of the urban market

By Melissa Kress

Street Corner has long been associated with mall locations. Now, the convenience store franchisor is adding another focus to its portfolio. In addition to building up its mall presence, Street Corner is pursuing opportunities in urban areas with its new “urban superette” concept.

The chain’s first urban superette, Street Corner Fresh Market, began welcoming customers last August in the historic The Clemons Building in downtown Chattanooga, Tenn. A second urban superette, Street Corner Market at The Banks, threw open its doors in downtown Cincinnati on April 12. Within just six weeks of opening, the Cincinnati superette had become the top store in sales throughout the entire Street Corner franchise organization.

The urban superette concept is the project Street Corner CEO Peter LaColla is most excited about.

“We think there is going to be a tremendous amount of growth for the urban superette,” he told *Convenience Store News*.

Street Corner defines the urban superette as the joining of grocery, convenience and quick-service food. The stores offer Wi-Fi and encourage customers to linger while they enjoy a snack or beverage. The



The urban superette concept (seen here and below) is designed for downtown, densely-packed areas and is meant to be a joining of convenience, grocery and quick-service food.

urban superette is designed to set up shop in downtown, densely packed areas. Fitting areas will have a significant residential population, significant office population, and likely some type of mass transit nearby. There will also be surrounding entertainment, such as bars, restaurants, and perhaps a park or museum.

“It will be in the type of neighborhood where people are starting to move back to; that hasn’t had much of a residential component for years but the millennials are moving back,” LaColla said, adding that fitting neighborhoods will also be food deserts.

“There might be sit-down restaurants; there might be a couple of quick-serves. But not grocery, not a quality convenience store, and not certainly all combined in one,” he explained.

According to LaColla, the urban superette is designed to be of particular appeal to millennials. One of the signature items offered in the store is a significant selection of craft beers. The Cincinnati superette goes a step further and features a beer cave.

“The second store, opened in Cincinnati in The Banks, is in a neighborhood I basically just described: lots of residential, lots of office, two sporting stadiums anchoring the property, a park, a museum and a trolley. It has all those components,” the chief executive noted.

While Street Corner is still doing mall locations, the franchisor sees the urban superette as a major growth area. “They will be, by nature, higher volume stores for us. They are also a higher investment level, so we are dealing with a different type of investor,” LaColla said.

UPPING THE ANTE

Compared to Street Corner’s mall locations, the urban superette is a more sophisticated operation and it will have exacting demands on performance. These stores will be maintained in a precise way, and the food component will bring a new set of demands for operators.

The Street Corner Fresh Market in Chattanooga is the first of the company’s stores to feature a full-service Boar’s Head deli, plus hot food offerings. In the Cincinnati urban superette, the foodservice component is similar to the types of sandwiches and paninis that customers would find in Europe — an area where LaColla has spent a lot of time.

“In these types of stores, they will typically make the sandwiches in the morning on a high-quality roll, bun or bread with a very flavorful few slices of protein like salami, prosciutto or ham, and they are displayed in a deli case beautifully,” he explained. “When people want them, they are simply served; they are already prepared. They are high-quality and extremely fast.”

This approach, vs. the full-service deli, will accommodate smaller footprints. The first store in Chattanooga was 2,900 square feet, The Cincinnati store is only 1,500 square feet.

“I think we can still provide an exceedingly high-quality food offering faster and with less space using this format,” LaColla said. “And I think the European feel will be very appealing.”

URBAN APPEAL

When asked why Street Corner has decided to turn to urban areas now, LaColla told *CSNews* that qualified franchisees have shown interest in opening stores in urban markets.

Mid-sized cities like Nashville, Memphis, Phoenix and Seattle are perfect places for Street Corner, he explained. “All are having a renaissance. All of these cities are doing very well with people moving back in,” he said. “As it turns out, we think these mid-sized cities might be the sweet spot for this type of use. The rents are still reasonable and the demand is high, as opposed to going to New York or Washington, D.C. They are good markets too, but the rents there are going to be many times more and they might not



The urban superette is a more sophisticated operation in both design and product offering than Street Corner’s traditional mall locations.

do many times more in sales. We think these B and C cities really might hit the sweet spot better than a Chicago or New York or Boston.”

LaColla shared how Cincinnati blew him away with a downtown that’s become active and developed. During one visit, his hotel was across from a theater, restaurants, and retail at the street level. “The city has a new tram. There are all sorts of things converging together,” he added. “It’s happening in these cities. It makes living in the city very livable. There is just so much need for this use in downtown cities.”

So far, the reaction to the urban superette concept has been positive.

Speaking about the Chattanooga location, LaColla said, “People love it; it’s becoming an institution down there. People, especially office workers, are thrilled they have quick access to quality food. We offer catering, which is sorely needed, and we offer other amenities they can’t get at all — we offer fresh flowers.”

The Clemons Building is in an old factory that has been converted to apartments. As an added service to the building’s residents, half of the Street Corner Fresh Market remains open at night to allow the residents access to the grocery department.

“They can access it at 10:30 p.m., if they wish,

to get eggs, toilet paper. It has a self-checkout. They enter through a door in the back of the store with a thumb reader, collect whatever they want, and then check out on their own. That store is 24/7 for them,” LaColla explained.

COMING DOWN THE PIKE

Street Corner does not have a set number of stores in mind for its urban superette concept.

Recently, the company announced the signing of its first territory representative to expand the chain in the San Diego metropolitan area. The first area store will be an urban superette offering convenience items, deli and fresh grocery offerings in the under-development Shift complex in East Village. It is slated to open next year.

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Vikram Dhillon, the master franchisee for the San Diego metropolitan area, plans 12 and possibly as many as 19 more stores in San Diego and Imperial counties over the next five years. They will be a combination of additional urban superettes, standalone convenience stores with gas, and the traditional mall stores upon which Street Corner was built.

Street Corner is looking to expand into the arena of traditional c-stores with gas, LaColla acknowledged. “We think there is a market there too, but for different reasons. The superette is because we are seeing a shifting demographic, a dynamic change going on there,” he said. “That is not the same reason for the gas station. The gas station is because there are very few players in the gas station arena for franchise opportunities.”

Topeka, Kan.-based Street Corner currently has more than 40 franchise stores in operation, with a future inventory of 100 potential mall locations and 30 potential urban superette locations, according to LaColla.

“We’ve been doing convenience stores for 30 years. We have a very strong back-office system as far as construction, design and fulfillment. We have these systems in place, so we are ready to grow,” he said. **CSN**