

Coin Laundries

All coin stores aren't created equal. Rather, it's what makes them unique—equipment, service, offerings—that sets them apart from their competition and lures customers in for a closer look. Creating a successful self-service laundry—coin or card operated—isn't easy. Key to any store's success, is distributor insight. Peruse the following case studies—each on a different self-service laundry—and discover new ideas and methods for developing, planning, equipping and marketing coin laundries



Santa Fe Lavanderia is unique among its competitors, thanks in part to Continental PowerLoad washers, which easily handle family-sized loads of laundry, comforters, sleeping bags, rugs and more.



Art Jaeger (left) with Van Merrill (right) of Sparklean Laundry Systems in Jaeger's first store in Arleta, Calif.



Spinning Laundry Not Records

A desire to design and manage a small business sent music industry executive Art Jaeger on an entrepreneurial quest that ultimately resulted in building, branding and marketing a new chain of self-service laundries in Southern California's San Fernando Valley. The laundries—each of which is branded Santa Fe Lavanderia—came as a result of in-depth research, planning and marketing, as well as specific efforts to make them unique.

Jaeger's music industry career took him on international assignments as executive vice president of Capitol Records, chief operating officer of Island Records and senior vice president of MCA Records. Despite his success, Jaeger hungered for something more—the chance to run and own his own business.

Through building, branding and managing his own chain of self-service laundries, Jaeger says he's discovered a hands-on investment that offers him the ability to finance and manage a business without partners; a secure financial return; flexibility of hours; and the ability to easily sell when the time comes to retire.

Jaeger's flagship store opened in April in Arleta, Calif. The 5,000-square-foot Lavanderia, which already serves 2,000 primarily Hispanic customers, broke even two months after opening day. The store's location is in the midst of a well-traveled area dense

with Latinos and apartment renters. Its equipment mix, layout and amenities are, as a result, designed to attract large families. For ease of management and use, the store's high-efficiency Continental laundry equipment is operated by cards, not coins.

Jaeger maintains he also sought laundry equipment to facilitate his ability to market to customers. The Continental equipment features highly programmable controls that give Jaeger the power to program water temperatures and levels, cycle time, extract time, vend price and more. Lavanderia is unique among its competitors,

says Jaeger, thanks in part to PowerLoad washers, which easily handle family-sized loads of laundry, comforters, sleeping bags, rugs and more.

"Research shows that you have a loyal customer if you can get them to use your laundry a third or fourth time," says Jaeger. That's why his flagship store had an extended open house that lasted four weeks. Jaeger advertised the grand opening via direct mail. For six weeks in a row, flyers were

mailed to residents within a two-mile radius of the laundry. "I wanted to get the laundry off to the right start and entice repeat business," he says.

Jaeger's marketing plan seems to be working. "Most people told me it takes six months to break even," says Jaeger. "We broke even the second month." He also maintains that his growing client base "has an amazing return rate."

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Drycleaner Sells Plants; Invests in Coin Laundry

Edward Choi unloaded three of his four drycleaning stores in hopes of funding a more profitable business—owning a coin laundry.

Engrained in the drycleaning business for 15 years, Choi admits his move into the laundry industry took a leap of faith. The result is Liberty Laundromat in Trenton, N.J.—offering wash-dry-fold and drop-off drycleaning services, in addition to vending machines, video games, Internet access, TVs and Continental laundry equipment. The fully attended laundry is located on a corner lot in an urban, high-rental Hispanic area.

By offering wash-dry-fold and drop-off drycleaning, Choi grew Liberty Laundromat's gross revenue by 20 percent. "I decided to keep one drycleaning store in order to utilize drop-off drycleaning from the laundromat," he says. That decision boosted the laundromat's business, and simultaneously, increased revenue by \$2,400 per month at the drycleaning store—a win-win situation.

From the onset, Liberty Laundromat outperformed Choi's former drycleaning stores—businesses reliant on highly skilled labor. "Employees have to run machines, spot and press and have a good attitude over the counter," says Choi. In turn, they also demand higher wages.

To ensure his laundry's long-term success, Choi quickly constructed a second store just a mile away. Liberty Laundromat 2, which opened in February, flanks the entrance of a major shopping center and features 3,500 square feet of space. It serves as a safety shield that protects the first laundry's market share.

"I chose the location knowing there would be some overlap between the stores," Choi says. "My strategy was to make sure no competition came within one mile of the first laundry." Choi is already purchasing a third location within the same city.

Like the first store, the second laundry features the same services and a similar mix of Continental laundry equipment.

Choi, who hasn't tracked turns thanks to a robust business, maintains it is difficult to determine the store's most profitable machines. "I lost interest in counting turns," he admits. "If the store wasn't doing well, I'd probably analyze it to find out. Overall, I think the bigger machines produce more profit."

Although the initial investment for a coin laundry is more than a drycleaning store, Choi says the first can be significantly more profitable and easier to manage. "I've really lucked out," he says. "Real estate went up and business is going well. If you put all that together, it's an incredible return."



◀ In its second week open, the 4,000-square-foot Liberty Laundromat, in Trenton, N.J., met its six-month revenue goal. Since then, total monthly gross revenue has nearly doubled.



▶ Continental distributor, Fritz Baenen of OPL Services and Scott Young, co-owner of Corner Coin Laundry.



New Coin Laundry Captures Family Business

"We hit \$6,000 in sales during our first week open for business," says Scott Young, co-owner of Corner Coin Laundry East in Green Bay, Wis. The laundry has exceeded Young's expectations thanks to equipment that caters to the needs of large families. Located in Green Bay's densest Hispanic rental area, the laundry will likely pay for itself in three years—four years earlier than planned.

Fritz Baenen of OPL Services, a Continental distributor in Green Bay, credits Young for finding a top-notch location. "He bought three older houses located on property zoned for commercial use," says Baenen. "We ripped them down and started the new laundry from scratch."

The result is a robust, 4,083-square-foot laundry with powerful, high-capacity equipment. "The other laundries nearby don't have big machines," says Young. Visible from the new laundry's front windows and capable of cleaning large, family-sized loads of laundry and bulky items, the PowerLoad machines draw cus-

tomers inside. In near constant use, according to Young, they are the store's biggest moneymakers.

"The coin boxes are full to the top on the 75 pounders after every weekend," says Young. "That's a lot of turns."

People are also choosing the front-loading Auroras over the 14-pound, home-style toploads. Not only are the Auroras among the store's most profitable machines, they also shave 12 minutes off a customer's dry time. Young also prefers the Energy-Star qualified Aurora because it vends for \$.50 more than a topload—and uses up to 30 percent less water and gas.

By choosing high-capacity laundry equipment, Young successfully designed Corner Coin Laundry East to meet the needs of the people who reside nearby. The result is a highly successful business—a laundry with equipment averaging five turns per day, according to Baenen.

"That's phenomenal for any coin store," Baenen says, "especially one that's been open for less than a year."

A 'Blue Print' Store for New Investors

New Wave Laundromat, a 3,500-square-foot, card-operated laundry in Sterling Heights, Mich., was built as a showplace for those interested in getting into the coin-laundry business. The laundry also brings the ultimate in convenience and amenities to customers.

Storeowner Mike "Stucky" Szczotka has more than 14 years of experience in the drycleaning and laundry equipment industries. He owns and runs Eagle Star Equipment, a Continental laundry equipment distributorship in Troy, Mich. The new "spec" store will help ensure Stucky's future coin-store clients are successful.

"I wanted a coin laundry of my own, so I could share every detail of the business with investors," says Stucky. Now, when investors tour New Wave, Stucky shells out real and detailed information regarding the coin-laundry business. He shares marketing tactics, start-up costs, equipment recommendations and daily, monthly and yearly revenue reports.

The laundry offers wash-dry-fold, as well as drop-off dry cleaning services to customers. But, there are also plans to market "casual fluff-and-fold" services to area dry cleaners. "To get the most out of a laundry, owners need to maximize the use of their equipment," says Stucky. "It should never stand idle."

"There are no topload washers in this store," adds Stucky. Instead, he opted for 10 doubleload Auroras. "We're looking at a 30 percent utility savings because we installed the Auroras rather than topload machines," he says.

By using card technology, New Wave brings added convenience to clients. Sharing card data with investors is also critical. "It's very important that I be able to tell investors the facts, including exactly how much revenue is produced at particular times of the day or by specific pieces of equipment," he says. "Having a card system allows me to explain the business in very fine detail."



From left: Mike "Stucky" Szczotka of Eagle Star Equipment; Darin Szczotka and Brandon Ashton of New Wave Laundromat and Jeff Quail of Eagle Star



David and Donna Stark with daughter, Jenna, and son, Craig, in the family's coin laundry, Sparklean Laundry.



Family Laundry Captures Non-Traditional Market

Sparklean Laundry, a 2,500-square-foot, card-operated laundry in La Habra, Calif., brings its neighborhood something unique—a themed Hawaiian environment complete with thatched huts, murals and salt-water fish tanks; and bigger, more powerful laundry equipment. The result? Success.

Despite its location—with four competing stores within one-mile—the fully attended laundry "is all we had hoped it would be," according to owner David Stark of Sparklean Laundry Systems, a Continental distributor in Sante Fe Springs, Calif.

The new laundry is a compilation of one family's best ideas. Stark's son, Craig, 13, daughter, Jenna, 11 and wife, Donna, worked on every phase of the project, including the store's location, renovation and design. The store's trim and tiling work, theme and decorating ideas were all led by Craig and Jenna and streamlined by their parents. "It really was a family affair," Stark says. The project actively engaged the entire family in a lesson of entrepreneurship, business design and management, he adds.

In just one month, Sparklean Laundry has exceeded its six-month proforma, according to Stark. "I think it's because we built something that's stimulated discussion in the community," he says. "Everyone has a different reason why they like it."

With durability and efficiency in mind, the store features 14 Continental Auroras, 12 Triple Loads, six Extra Loads, two Power Loads and 22 stack dryers. The store's two Power Loads are located in full view of the laundry's front windows.

"We allow customers with families to do something here, that they can't do in their homes with their own equipment," says Stark. Thanks to the Power Loads, customers can complete family amounts of laundry in less than two hours, he adds.

Energy-Star qualified frontload Auroras also offer clients superior wash quality over the home-style toploads they may be accustomed to. The Aurora's soft-mount design allows for higher extract speeds, which means more water is removed from each load. In turn, dry time is reduced by up to 40 percent, says Stark, which cuts gas consumption and saves customers time.

New Coin Laundry Serves as Successful Business and Funding Source for Prime Real Estate

By financing the construction of his new coin store, Wayne Grissom fulfilled a dream to run a coin laundry, and simultaneously, used the “bank’s money” to own another valuable property located in the heart of his community. Grissom’s outstanding credit and initial land investment were critical to making that happen. The new store’s revenue is so substantial it covers all Grissom’s expenses—construction costs, equipment, insurance and utilities—plus \$3,500 per month in principal. The result? In 10 years, he’ll own the property and business free and clear.

He’s not only excited about running the store, Grissom’s thrilled that the laundry’s revenue will pay for him to own a quality piece of real estate without pulling cash from his wallet.

“I really like owning property,” says Grissom, a businessman whose lived and worked in the close-knit community of Gadsden,

Ala., for more than 50 years. “If the laundry only pays the payments, I’m still gaining a beautiful building on nice property.”

He turned to an unlikely source—a customer—to determine if his laundry idea had merit. Dennis Harker, owner of Wholesale Commercial Laundry S.E., a Continental distributorship in Southside, Ala., is a good customer of Grissom’s. Harker services his Honda at Grissom’s dealership and purchases equipment from Grissom’s John Deere store.

“I asked Dennis about two locations,” says Grissom. “He didn’t recommend the first spot, but liked this one a lot.”

Designed to attract large families—low income and affluent—Dot’s Coin Laundry features large Continental Girbau equipment. “No one else has the big machines,” Harker maintains.

Thirty percent of the store’s clientele is comprised of homeowners, thanks to the large-capacity machines. “The PowerLoads are our biggest money makers,” says Grissom.



The Laundry Center is strategically located next to a Hispanic grocery store and nail salon to take advantage of cross traffic between the businesses.



▲
Dot’s Coin Laundry in Gadsden, Ala. is so successful it will likely pay for itself, and the property it sits on, within 10 years.

Success is in the Design—The Laundry Center

The award-winning Laundry Center in Appleton, Wis., has it all—food, lounges, a big-screen TV, pool tables, video games, tanning beds and an ATM. And, that’s exactly what storeowners John and Connie Schultz wanted to provide their customers—a place to meet every need.

With turn averages exceeding national averages each day, it may be the Laundry Center’s Continental washers that generate the greatest profits, but for John and Connie, the other amenities are critical to bringing customers in the door. “Some people would argue that adding tanning beds was a waste of space,” says John. “But, if we didn’t have all that we do, we would be like everyone else.”

This “Center” concept, which is used in all of the couple’s seven coin stores, has been refined through the years. Also important to the couple was location.

The symbiotic relationship the coin laundry shares with its neighbors—a Hispanic grocery store and a nail salon—is exactly what John and Connie had hoped for. “There’s a lot of cross traf-

fic going on between the grocery store and the Laundry Center,” says John. “People put their laundry in and go buy groceries, or vice versa. They are as good for me as I am for them.”

John and Connie equipped the Laundry Center with Continental washers, ranging from 18-pound to extra-large 75-pound machines—all strategically placed to improve customer convenience and turnover. “The new Continental equipment is the best that we’ve ever bought because machines don’t break down.” Customers know the equipment will be clean and operational, he says.

Unlike most coin laundries which feature banks of the same sized machines, the Laundry Center’s aisles are equipped with varying sizes of washer-extractors to meet varying customer needs, according to Continental Director of Sales and Marketing Joel Jorgensen. “By putting a variety of sizes in each bank, customers are more likely to use larger machines in combination with smaller machines,” says Jorgensen. “It’s more convenient for customers, saves them time, and maximizes turnover during busy periods.”