

[IDEAS 2 GO]

Pump Deposits... and Withdrawals

A Kilgore, Texas, travel plaza is a one-stop shop for gasoline, food and a Home Equity Line of Credit.

BY JERRY SOVERINSKY

Affiliating your store with a quick-service restaurant is one strategic way to generate traffic and build revenue. The pairing of foodservice and convenience retailing is a natural one, especially as both offer the same fundamental attribute to consumers: convenience.

So when convenience store veteran Ali Sharaf of Waxahachie, Texas-based Victron Energy decided to break ground on a Shell gasoline station

and mini mart, as part of a travel plaza in Kilgore, Texas, the decision to integrate a Wendy's was a no-brainer — a relatively safe QSR association that had proved successful at many locations for the retailer, who owns more than 100 convenience stores and supplies fuel to more than 300 throughout Texas.

But never content to just follow the pack in convenience retailing, Sharaf decided that he could enhance his

brand even more with an additional association, one that ventured beyond foodservice.

UNIQUE PARTNERSHIP

In October 2008, Victron opened a Shell gas station and 12,000-square foot convenience store seamlessly connected to a 24-hour Wendy's restaurant — and a BankTexas bank — as part of the Gateway Travel Plaza, basically an all-in-one gas station-convenience store-QSR-bank.

“We have a local bank we work with, and [the manager] said he'd be interested in a presence inside one of our stores,” Sharaf said. “So a while later, I was building a store in Kilgore with my partner, [and we decided to test the idea]. The timing with the first bank didn't work out, but BankTexas agreed to lease 1,500 square feet on the side of our store.”

For BankTexas, it was the financial institution's first time partnering with a convenience store, and an attractive opportunity to gaining a presence in Kilgore without committing to a standalone branch.

“We were looking to expand in Gregg County, and we liked the idea; we thought it would be great,” said Tammy Ritter, vice president of BankTexas. “Our Board was for it, there didn't seem to be any negative.”

BankTexas partnered with Victron Energy — an attractive opportunity to gain a presence in the small town of Kilgore, Texas.





Owner Ali Sharaf took his station's design a step further, adding banking capabilities to four of the station's 10 multiple pump dispensers.

MAN WITH A PLAN

Sharaf secured an agreement with the bank prior to breaking ground on construction for his new site, which gave him flexibility designing the site's layout. The store layout accounted for an inside bank presence, where tellers could conduct face-to-face transactions with customers. And adding a traditional bank drive-thru was nearly compulsory, especially for the location, which was just off the interstate, and where stay-in-the-car-convenience was an overriding factor for consumers.

But Sharaf took his station's design a step further, adding banking capabilities directly to four of the station's 10 multiple pump dispensers. It would clearly distinguish Victron from its competitors (although bank-convenience store associations are few) while affording truly time-pressed motorists the opportunity to multi-task while dispensing fuel, interacting with bank tellers and using the same pneumatic tube delivery systems found at any bank drive-thru.

"I'm a civil engineer; I love to build things," Sharaf said in defense

of the unusual offering.

To be clear, though, this was not a cost-free pre-construction decision or marketing gimmick. This was a substantial financial investment, one that Sharaf calculated would add to his store's profitability.

"[We installed] a separate vacuum pipe nest next to [four pumps] that can carry [bank] deposits, and each one of these costs close to \$10,000 installed," Sharaf explained, for a total incremental cost of \$40,000.

The pump-side banking capabilities may not have sweetened the deal for BankTexas, but Sharaf knew it would cost more if he decided to add the tubes at a later date. "It costs more for a modification," Sharaf said. "You would have to add in the saw cut of concrete and the additional cost of having power to the tube."

PAYING DIVIDENDS

Since it opened in late 2008, Sharaf has been pleased with his store's performance, which he says is a win-win for the station and bank.

"The bank is happy, they have a

[built-in] traffic generator, and it's the same for the store," Sharaf said, who estimated 25 percent of the bank's deposits are made at the pump versus the drive-thru. "We're driving traffic to the store because everybody is looking for a one-stop shop."

As for bottom-line figures, Sharaf said it's too early to quantify the business lift, though he estimates the bank adds "at least 10 percent more traffic to the site," a return that has him looking beyond Kilgore. **NACS**

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Small Town Appeal

Looking to implement banking-at-the-pump technology at your station? Sharaf says the concept makes sense in towns where standalone banks aren't always practical.

"This works best in a small town, because banks don't want to build a 5,000-square foot, free-standing bank in a town with 1,500 people — it's not feasible. But if they co-brand with a convenience store, it gives them a presence [at a much lower cost]. It's an ideal situation for them."