



And it's rated 'best-in-class' by suppliers and customers

By Lisa DuShane

A 31-year-old entrepreneurial whiz has transformed the gasoline, convenience store and fast-food market in his Los Angeles trading area with a striking new retail concept that has competitors, suppliers and ordinary motorists in awe. The Meridian Store in Hacienda Heights presents a unique looking, futuristic facility representing a dynamic new marketing view for converting a corner gasoline station/C-store into a multi-faceted destination center for customers.



According to Devin Sloane, the visionary behind the concept, the Meridian Store distinguishes itself from a traditional gasoline station/C-store with its dramatic presentation and facility layout and because each of the brand name profit centers stands on its own as a destination point, as well as contributes to crossover sales.

Sloane opened his first Meridian Store on August 1st and the facility has already produced remarkable sales results. The site averaged 410,000 gal. of motor fuel the first month of operation and 500,000 gal. the second. Preopening estimates were 175,000 gal./mo.

The Meridian Store offers the following services:

- Brand name self-serve fuel
- Del Taco Mexican fast-food restaurant
- Quickie's Oil Change Experts quick lube
- Convenience store market
- Coffee Aroma gourmet coffee bar

Brand name fuel. Sloane offers brand name fuel at prices normally 10¢ to 15¢ cheaper than his

competition. He says this broadens his customer base by attracting those customers who only purchase brand name fuel, as well as those who purchase non-brand fuel at discount prices. Sloane contracted with Mobil as his fuel supplier. "Mobil stood out as a company that was committed to continuing to make the brand strong and to bringing new technologies to the marketplace." He says that Mobil is not just a gasoline supplier but a partner who has given him the tools he needs to market effectively. The Meridian Store features eight fueling positions with Gilbarco Advantage® series, single hose, multi-product dispensers.

Sloane's partnership with Mobil reflects his basic business strategy, which builds on the strong relationships he has developed with suppliers, architects, contractors and employees. "Everything we do is relationship-based," he says.

Del Taco Mexican fast food. After meeting with more than 20 fast-food companies, Sloane chose to partner with the Del Taco fast-food chain for the Meridian concept. He says Del Taco, located in 10 states, has a well-known Mexican and American menu, offers quality food made with fresh ingredients, is value-driven and is a destination point of its own. A complete menu of items is offered to ensure that the customer gets what he expects from Del Taco. The Meridian site Del Taco is open 24 hours a day with drive-thru service available. Sales so far, have soared past the original projections.

Sloane operates the Del Taco facility as a franchisee. Paul Hitzelberger, owner and executive vice president of Del Taco Corp., Laguna Hills, Calif., says sales at the fast-food unit have "greatly exceeded expectations," in a very short time. "Devin Sloane is a delightful partner to work with--aggressive, very committed to providing customers with a first class eating and shopping experience. He trains his people carefully to make sure the product tastes right every time--that's critical in a fast-food operation." Popular items at the Meridian site include a 39¢ taco, a 1-lb. burrito, a double cheeseburger and french fries.

Hitzelberger is especially impressed with the strong brand identity the store provides. "The design of the store cuts through the clutter," he says. "The openness, the all-glass front, create what I call an 'eye-blink store.' In today's retail environment, driving past a store you only have a brief moment to note what's there. The Meridian Store is designed to grab your attention quickly with a strong branding image."

Quickie's Oil Change Experts. Sloane saw that the express oil change service is extremely compatible with gasoline sales, so he developed his own brand name. The offering eliminates the need for customers to go out of the way to get an oil change. In an effort to avoid the stigma of those gasoline station "garages" that recommend and perform unnecessary repairs, the oil change building is separate from the main store building. Sloane is able to market and aggressively advertise "Free Mobil gas with the purchase of a full-service oil change."

"We came up with a great logo that conveys what we do, and it has a franchise look. It has a solid look, so if you're driving by and you look at that logo, and you look at that separate building, and at these guys in the uniforms and the colors inside the store, you might not know the Quickie's name, but you're going to have a feeling that this is a national chain," says Sloane.

Convenience store market. The Meridian convenience store utilizes a comprehensive scanning point-of-sale system, which allows the stores to operate at maximum efficiency. The store is treated as a valuable profit center. Sloane sells traditional items such as candy, chips, cigarettes, soda, beer and wine, but also offers special sections such as the top 20 videos, top 20 compact discs, greeting cards, fresh flowers and best-seller books. There is also a section that will carry Disney videos, toys and books on tape. Sloane looks to offer items that the competition does not offer to distinguish his stores.

Coffee Aroma gourmet coffee. Sloane came up with his own logo and brand name. Coffee Aroma serves either Starbucks or Diedrich's coffee. Coffee Aroma offers a full menu of all types of drinks and baked specialties--espressos, cappuccinos, pastries and scones. Sloane is one of the first coffee retailers in Southern California to offer drive-thru. Coffee sales for the first month have been approximately \$500/day.

Sloane feels it is important to own each of the profit centers in order to maintain and guarantee consistent quality. "If we were to lease it [profit center] out and the operator of that service wasn't performing and giving quality products, speed of service--it reflects poorly on the whole operation," he says.

The advantage to Sloane in owning those facilities, in addition to ensuring a consistent quality offering, is the ability to contain costs and leverage profitability for the operation. "And the nice thing is that we already had the capability to add the profit centers built into the original design. We were going to have a 2,500-sq.ft. market for us to put in that fast food. We're eliminating the cost of the purchase of a piece of property to house that unit, so where a normal Del Taco franchisee would have a lease payment, we don't. So that gets added on to your profit. Our margins will be higher than the traditional Del Taco franchisee, or a lube guy who buys a piece of property and builds a lube shop from the ground up. We're maximizing the land value by having these additional services and that gives us a lot of advantages," Sloane explains.

In order to make all of the profit centers destination points, Sloane believes that signage is extremely important. The Meridian Store represents all of the services equally. Each service is showcased and featured on signage in an important way so that the customer can distinguish all of the different services provided.

Best in class

"Devin Sloane is clearly a best-in-class retailer in our opinion," says Ken Strong, marketing manager, Western Region, for Mobil Oil Corp. "His stores provide an outstanding fit with Mobil's marketing program."

The reason this synergy works so well, Strong says, is that Sloane brings a passionate dedication to taking his stores to the highest plateau of success. The keys to attaining that goal are site execution and an intensive focus on customer service, an emphasis driven by hiring the best employees and training and

motivating them to provide outstanding service. As such, Sloane's operation meets the highest standards of Mobil's "Friendly Serve" marketing concept, according to Strong.

"At the new Meridian store, Devin has achieved a state-of-the-art facility designed to give the customer the most pleasant and satisfying shopping experience possible," Strong says. "The design of the store, the blend of facilities and services offered, has created a unique retail "personality"--one that attracts customers to a variety of destination points."

An overwhelming image

Sloane wanted to build a facility that was a high-end retail store and not just a nice looking gasoline station. "We think of ourselves, our facility, as a store and not a station. In order for us to accomplish that, we had to develop architecture that expresses that. And we wanted to have a unique look, so when we build more of these, customers will recognize that this is a Meridian Store. We wanted the image to be overwhelming. We wanted to give the customer who may not care about price another reason to come into our facility, Sloane says.

The Meridian Store is indeed a knockout presentation. The front of the facility is all glass, 18-ft. high by 42-ft. wide, with an arch and glass skylights. The exterior of the store was also designed using smooth stucco, soft earth colors and steel awnings with cables holding them up. As one observer commented at the unveiling of the store in July, "It's the Planet Hollywood of the petroleum/C-store industry."

The interior of the store features hand-cut ceramic tile, carpet, pine slat walls, split-level ceilings, unique graphics and lighting, low granite countertops and easy accessibility.

James Kawamura, president of KHR Associates, an architectural and engineering firm in Irvine, Calif. which fleshed out the unique Meridian facility design, says three ideas drove the project:

1. To achieve desired results working within the budget;
2. To produce a cutting edge, aesthetically appealing store;
3. To create a pleasing ambiance that invites customers into the store.

Kawamura emphasizes that it's important to avoid the garish in-your-face design typical of too many modern service stations. "The image, the feeling should be one offering a pleasant, friendly shopping experience.

"The aim was to create an arcade-like layout inside the store completely visible through the front glass wall," Kawamura points out. "This gives the open feeling of a shopping mall with the 'shops' side-by-side." The visibility from inside the store, coupled with the bright lighting throughout, strengthens the

sense of safety and security the store offers, he says.

"Most of all, it's not a pain in the derriere for the customer to get gas at the Meridian Store," says Jerry E. Thomas, president of Charles E. Thomas Co., a Gardena, Calif.-based petroleum equipment distributor and contractor, who worked with Sloane to build the new facility. "It doesn't look like a service station. From every angle the customer has almost a full view of the store and all of the extra services it provides. The unique open design of the store gives the customer the feeling that he or she is in for a rewarding shopping experience in a pleasing environment. It's a great marketing strategy," he says.

Total investment for the Meridian Store: \$2.9 million.

Grand beginnings

The Meridian Store traces its roots just 15 miles away from the Hacienda Heights facility to the company's first store in LaVerne. The site is another showplace of multi-faceted profit centers with the centerpiece being the world's largest car wash. The 90,000-sq.ft. site has established Sloane as the largest volume Mobil dealer in the United States with throughput exceeding 750,000 gal/mo. Initial monthly volume estimates were 120,000/gal.

"Customers count on gasoline here as being the cheapest in the area with prices averaging 10¢ to 15¢ less a gallon than the competition," Sloane says. He believes if customers have a positive experience with fuel purchases, they will try the other services he provides.

A native of Los Angeles, Sloane remembers always being interested in the car wash business. He began detailing cars at around age 15 and he knew that was the business he wanted to be in some day. He attended the University of Southern California and graduated in 1988 with a degree in political science, with an emphasis in business. In 1992, he opened the site in LaVerne on two-acres of land with a full-service tunnel wash. In order to distinguish himself from the competition and maximize the land value of the location, Sloane also offered self-serve Mobil fuel. Gasoline has turned out to be the best profit center at the LaVerne site.

"I wanted to do things that were above and beyond what other places were offering customers," Sloane says. "Give people driving by another reason to come in." As time went by and gasoline volume increased, Sloane began putting in additional profit centers. He added the 4,000 sq.ft. C-store first, the Taco Bell in 1994, the oil change center in 1995 and the gourmet coffee bar this year. He also has an automated teller machine, and he leases out space for a jewelry repair service.

"All of those services turned out to be really profitable for us, beyond what we expected, and the synergy that we created there pretty much helped support everything that was going on," he adds. Whereas each of the profit centers at the Meridian Store stands on its own as a destination point, the services provided at the the LaVerne store are ancillary or a side dish, Sloane says.

Total investment for the LaVerne store: \$4.5 million.

The C-store generates \$60,000 in sales a month excluding revenue from fast food and coffee. Sloane says he does very well with nontraditional C-store items such as greeting cards and best-seller books. Gross profits on each are at 50%. Coffee margins are 70%.

In addition to these profit centers, the facility features 20 fueling positions, a six-bay detail shop and cellular phone, window tinting and alarm sales. Sloane looks at LaVerne as one harmonious and consistent unit. His goal is to get people to come in. "We're confident that once people come in and try our facility, they'll remain repeat, consistent customers," he says. "In order for us to achieve that--that is if they haven't come in yet because of all the other variables such as the layout, presentation, architecture or signage--then we have to put a deal in their hands that they can't refuse."

Sloane is aggressive with his marketing. He offers a variety of promotions through direct mail pieces, radio, cable TV and the Internet. Incentives include buy-one-get-one-free burritos, \$5 of free gasoline with an oil change, free coffee, a free wash with every oil change and discounts on services provided. Coupons are also handed to customers on site, both inside the store with the customer's change and at the pump island.

Sloane assigns what he calls a "gas valet" on the pump island. This employee has two jobs: first to interact with the customer, and secondly to expedite the customer's visit. "When a person comes up to you and says, 'Hi, how are you doing today?', it throws you off a bit," says Sloane. The gas valet is just one more way, he says, of going above and beyond what the customer expects. "From the time a customer comes in, to the time they leave, we want them to have an experience that is beyond their expectations."

The valet greets the customer and then hands him or her a coupon for any one of the services provided. A customer may get a coupon for a discount on an oil change, car wash or a food item. This also gives the valet the opportunity to talk to the customer about the different services available. The valet also assists customers who wish to pay cash for their fuel by running the money to the cashier's window.

A motivated team

Sloane employs approximately 60 people at the LaVerne location and 40 at the Meridian Store in Hacienda Heights. He believes that hiring people who are outgoing and motivated is critical to his philosophy of giving the customer a pleasant buying experience. He actively recruits employees from local college and university theater and business departments. "What's important for us is the interaction [an employee] has with the customer, the ability to communicate in a friendly, appreciative way, and the ability to communicate our other services."

Sloane employs many college students who he says have the gift of gab. "They are able to really interact

with the customer effectively."

The service writers in the lube center and the ticket writers in the car wash must be talented in the art of communication, says Sloane, since these employees are the first people customers interact with. These writers go through a special training program to ensure they communicate effectively, that they are pleasant, enthusiastic, that they can address any problem the customer may have had during the previous visit and that they are able to educate the customer on the services provided--this as opposed to a hard sell.

"Our customers are repeat customers, and if you're educating the customer, they sense that, and they will trust you. So when they come in for subsequent visits, when you're recommending something, they'll do it based on trust and not out of fear, and that's something that has been very effective for us. It's not really traditional in the car wash business," Sloane comments. He employs 12 service writers in the car wash who work four- to six-hour shifts. "Traditionally in the car wash business, you have two guys that work 70-hour work weeks, and they're exhausted, and they don't want to talk about anything," he adds.

After surveying a number of quick lube facilities, Sloane said he noticed that typically an employee was just an order taker who didn't recommend any other services. Their objective was to get the customer in and out. "We want to do like what Blockbuster video does. We want to welcome you into our facility, we want to ask you what services you want, but also do an inspection on your car and look at your mileage point, and recommend whatever services your manufacturer recommends. Not whatever we subjectively decided that you should have," he says.

That same service writer who introduced himself to the customer is also the same person that comes into the waiting area, invites the customer into the service bay to explain the status of the vehicle and also the additional services recommended. Sloane says, "It's really not often that a customer is invited out to the service bay. There is a stigma that the customer might slip and fall or that they shouldn't be around the work area. We want to include the customer in what's going on with their vehicle and instill a confidence in them that we know what we're doing.

"Same with the cashiers. When you come in and you give the cashier a credit card, and they're swiping your card, they look at your name, and they'll say, 'Thanks for coming in, Mr. Smith,' and they'll give you your card back. A lot of businesses try to do that and intend to do that, but we execute it."

Sloane says he also spends a lot of time training department managers on how to interview and hire properly. "We've got a whole checklist of a lot of different questions to ask because we really want to empower our department managers to be able to look for what we would look for in a hire," he adds.

All of the department managers at the LaVerne and Hacienda Heights, Sloane says, are self-motivated, self-driven, and they receive satisfaction from doing a good job on their own. "They don't need somebody necessarily looking over their shoulder and the minute you're gone they're relaxing. They do it because they enjoy participating in and contributing to an operation that has big plans to grow and do

great things, and so these people enjoy performing that way."

He also believes he has a responsibility to create opportunities for those employees who show talent and the capacity and desire to do other things. He wants his employees to not only utilize their talents, but to feel challenged. Sloane cites the example of a cashier who started out with him five year ago and who is now general manager of the Meridian Store. The employee, Mathew Lyons, showed initiative by creating a complete set of training manuals for the company.

Sloane says he has taken a minimum-wage job that traditionally wasn't a desirable job, and has tried to turn it into something that is attractive and fun and a great opportunity for people. The first step was to develop an employee handbook for each department so staff knows what is expected of them. "If [employees] don't know what is expected of them, then they can't get a lot of job satisfaction because they're just kind of winging it."

Employees are also able to win prizes through various contests--for example, for passing out coupons for the oil change center, and having the most coupons redeemed. Sloane says employees are awarded with dinner at a restaurant, movie passes or tickets to a local water park. Other contests include how many positive comments a certain team gets or who can come up with the most innovative coupon for one of the profit centers.

Sloane also holds employee meetings every two weeks and passes out awards once a month. He says he has taken a job that wasn't very desirable and has attracted a lot of applicants. "We have to turn people away because [our employees'] friends hear, 'Hey, this place is fun.' It's a busy, fun facility. The day goes by pretty quick, and a lot of people have the opportunity to grow and make more money within that environment," Sloane adds.

Keeping track

Scanning is used at both of Sloane's locations. He uses a company called AutoExec in Arcadia, Calif. for his backoffice software which he says ties all of his POS systems together. "In the C-store industry, scanning to me is really important. It's difficult to be able to scan effectively and to get the benefits of scanning simply in terms of inventory control," he says. With AutoExec, he says he is able to scan, have inventory control and generate automatic purchase orders. It also tells him what items are performing and which are not. It also has a general ledger, check-writing and inventory module.

He says the benefits of scanning include allowing him to get customers in and out of the store faster. And, it's easier for new employees who don't have to get acquainted with 5,000 different items or know whether they are taxable or nontaxable.

Sloane also says he is able to get his P&Ls any day of the week or month he wants. "We don't have to necessarily wait for the bank statement two weeks after the month closes for the accountant to prepare

the P&L," he says.

For the oil change center, Sloane uses a software program by ISI--Integrated Services Inc.--that is able to keep a database of all quick lube customers. The software keeps track of when a customer comes in, what services he or she bought and what the service personnel recommended. "We can send out reminder cards to tell them it's time for service again, and when they pull up at the next visit, we can enter their license plate and know their name. So we can approach the customer and address them by name and also remind them what they ordered last time, if there was a service they hadn't ordered or they didn't have time for, and we can remind them and ask them if they would like to get that service this time. It's having those types of technologies that makes the customer experience better. It helps our sales because we're able to get customers to buy what they really need, and it helps our profitability," says Sloane.

Looking ahead

The sky is the limit, Sloane believes, for the Meridian Store concept. Sloane already has one site under construction in Tustin, Calif. and two others are in the planning stage. His goal is to have five locations up and running by the end of 1998. Each of the sites takes just 120 days to build. He is currently looking at property in San Diego, outside of Southern California and in Arizona as well.

Sloane says, the LaVerne site was his launch pad. "This is really the first store of many stores that we plan to develop. LaVerne was like going to college. This new store is graduation day--and that's what I am excited about."

This article was originally published in the October 1997 issue of *National Petroleum News*. For information regarding reprints of this or any other article, call toll free [\(800\) 396-3939](tel:800-396-3939).

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