

# INVESTORS DELVE INTO VENDED LAUNDRY BUSINESS

THEIR EXPERIENCES LEAVE THEM WANTING MORE ...



MARCH 2013 • By Haley Jorgensen

A new, high-speed laundry is exceeding owner expectations in Seneca, S.C. A 14,000-square-foot building was recently renovated to house the 2,500-square-foot Seneca Express Coin Laundry—a business developed by realtor Danny Delmarco, and business partner, Lloyd Webb.

The duo created the new laundry after purchasing the building, together with Delmarco's father, Robert. They renovated a space previously occupied by an old coin-operated laundry for a store boasting high-speed equipment and the promise of a 60-minute wash and dry.

## Formulating a Plan

The laundry culminated following months of research, according to Delmarco, and help from Russ Arbuckle, of Wholesale Commercial Laundry Equipment Co. S.E., in Southside Ala. "I educated myself, visited laundries all over the area and talked to distributors and vendors," said Delmarco. Working as a team, Delmarco, Webb and Arbuckle ran demographic reports and estimates, and designed the laundry. "We were rookies in the laundry business," said Delmarco. "So we didn't know how to put the laundry together. Russ designed the plan and we tweaked it. We planned well and remodeled the building in five weeks. Because we owned the building, it made it easier for us to take the risk," he said.

## Delivering Customer-craved Conveniences

And, Delmarco is glad they did. Revenue is exceeding expectations; customers drive as far as 45 miles to frequent the store; and utilities consume just 15 percent of gross revenue—far from the national average of 26 percent, reported by the Coin Laundry Association's 2012 Coin Laundry Industry Survey. The store's early success is attributed to its careful packaging. Bright, clean and attended, Seneca Express Coin Laundry features high-speed Continental Girbau ExpressWash Washers; a 60-minute wash/dry guarantee; the option of using coins, credit and debit cards; free wireless Internet; and the convenience of multiple flat-screen TVs and vending machines. A camera system allows Delmarco and Webb to view the laundry remotely, as well.

## Grand Opening

The grand opening held in mid-November keyed on a free wash, according to Delmarco. "It gave us a chance to show customers the machines," he said. "It was packed each day and almost overwhelming. Every machine turned five or six times a day." Thanks to a high-traffic location, a single banner advertising the free wash drew people in droves.

## High-speed Continental Equipment Mix

The store's equipment mix consists of a variety of Continental high-speed ExpressWash Washers, including five 55s, four 40s, six 30s and seven 20s. Also included are two 75-pound capacity Continental PowerLoads. Dryers consist of five Continental stack 30s, five stack 45s and two single-pocket 75s.

## A Quick Wash & Utility Savings

At Seneca Express Coin Laundry, Continental ExpressWash freestanding washers provide more energy-efficiency than traditional hard-mount washers. They also reach extract speeds of 354 G-force, which allows customers to wash and dry loads in less than an hour. The washers, with such high extract speeds, remove more water per load when compared to traditional hard-mount machines, which produce extract speeds of around 75 to 200 G-force. As a result, loads dry 50 percent faster using considerably less natural gas and electricity, according to Delmarco.

"Customers feel like the dryers are really hot, but the high extract of the washers is what cuts dry time in half," he said. "Our customers are used to spend-



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ing \$3 to dry clothes at the other laundry in town, and here they dry for \$1 to \$1.50. It’s decreased their drying expense by 50 percent and they spend much less time doing laundry. They say it takes two hours to do their laundry at the other store in town. Here, they’ve cut that time in half and love it.”

Because dryers run less often, they experience less wear-and-tear and use less natural gas—cutting utility costs and preventing dryer bottlenecks during busy hours. Thus, Seneca Express Coin Laundry can serve more customers per day without an excessive utility bill. “Our utilities are at 15 percent of revenue, which we are really happy with, because of the natural gas, water and sewer savings,” said Delmarco

Once again, the laundry’s equipment is key to keeping utilities in check. Rather than install toploads, which chug up to 30-40 gallons of water per load, Delmarco chose front-loading ExpressWash 20-pound capacity washers, which use just 13.4 gallons per load. Plus, they are Energy Star qualified. “We did a lot of research on equipment,” he said. “We felt that the equipment we chose was more durable and energy-efficient. We also liked the fact that our customers would enjoy a 60-minute wash and dry.”

### **Vending Flexibility**

Keeping customer cravings in mind,

Delmarco also opted for the ultimate in vending flexibility. He placed Card Concepts Inc. FasCard systems on four dryers, both 75-pound capacity Power-Load Washers, all of the 55s, two of the 40s and two of the 30s. FasCard is a hybrid coin/card system that allows almost any vended washer, dryer or vending machine to accept major credit and debit cards, without removing the machine’s native coin acceptance. Thus, customers can opt to use coins or cards on those machines. “I wanted to go with a combination because everyone was accustomed to using coins,” said Delmarco. “We’ve found they love the card option, especially on the bigger, higher-priced machines.”

### **Determining Vend Price**

As part of the laundry’s business strategy, vend prices were established based on competitor pricing. Seneca Express Coin Laundry’s washers offer a multi-vend option – cold, warm, hot and superwash. “Our target was to be at or around their pricing,” said Delmarco. Thus, the laundry charges about the same for a cold wash as competitors do for a regular wash. For every step up – to warm, hot and superwash – vend prices rise a quarter.

### **The Big Washer Attraction**

Just a few months into operation, Seneca Express Coin Laundry is exceeding expectations. Customers flock to the big

washers, according to Delmarco, preferring the 55s and 75s most. “The 55s are slightly more popular than the 75s, but in terms of shock and wow factor, the big 75s are impressive. We’re seeing huge sales volume on the ExpressWash 55s, which are averaging five turns per day on weekends,” he said.

Meanwhile the two 75-pound capacity PowerLoads bring homeowners into the store, despite the fact that they have equipment at home. Bulky comforters, blankets and family sized laundry loads fill the machines. “They come in to get all of their laundry done in one load,” said Delmarco. “It’s a tremendous time savings and beats doing laundry all day long.”

### **Early Success Leads to Future Investments**

Delmarco, who is pleased with Seneca Express Coin Laundry’s early success, admits he’s learned a lot throughout the laundry development process. He’s a firm believer in research and making decisions based on a business model. “I feel good about what we’ve accomplished. We have great distributor support and are confident in going after another laundry.”

*To find out more about Continental Girbau vended laundry products – backed by an industry-leading manufacturer’s warranty – visit [www.continentalgirbau.com](http://www.continentalgirbau.com) or call 800-256-1073.*