



City Stop a Postal Oasis

By Kelly Kurt

How does a small convenience-store chain get noticed in a city so powerfully illuminated by signage, spectacular entertainment and extreme gaudiness?

Las Vegas' City Stop stores do it through snail mail.

Three years ago, the chain became one of the U.S. Postal Service's new contract operators when it added separate postal counters to its stores. The move proved to be a boon in this burgeoning desert oasis, where residents often faced long lines and waits at their neighborhood post offices.

"The Postal Service couldn't keep up with the brick-and-mortar buildings," says Jon Athey, City Stop co-founder and director of operations. "I printed up fliers telling people they could get faster service at City Stop."

Creative thinking has served City Stop well in a city that's unlike any other. The chain has grown to 10 stores in a little less than a decade. It expects to gross \$60 million in revenues this year. And yet its headquarters totals just four people: Athey, co-founder Bruce Familian and two administrative assistants.

Clean and Smiley

Athey had spent 30 years running convenience stores for other people when he teamed up with Familian, a local real-estate developer, in 1997.

"Having experience with most of the big national chains and a few of the

GOING POSTAL: Jon Athey (left) and Bruce Familian did \$3.5 million in postal sales last year in their 10 City Stop units.

smaller independent chains, I came in recognizing that some of the things people were trying weren't working well," Athey said.

The pair wanted airy, clean stores run by employees who greeted customers with smiles. Because their operation was small, they sought help from an employee leasing company. It handles training, benefits and other personnel issues, enabling Athey and Familian to concentrate on hiring the "happy, friendly employees we want," Athey says.

The chain's 3,500-square-foot stores feature an adjoining 2,000-square-foot restaurant, which City Stop leases to fast-food operators. Jack in the Box holds long-term leases at four locations.

The postal units, staffed by City Stop employees, offer the same service and prices as regular post offices—but they do it 24 hours a day. Postal sales totaled \$3.5 million last year, Athey says. Impulse items kept near the postal counters bolster store sales.

Gambling on Vegas

It wouldn't be Vegas without gaming, and City Stop stores can bring in \$30,000 to \$40,000 a month on video poker and slot machines. But gaming is hardly a windfall considering higher real-estate costs, Athey says.

Speaking of gambling, the company pulled the petroleum slot machine in 2005 and came up with a new fuel brand, Shell. With thousands of newcomers pouring into the city, Athey banked on Shell's name recognition and credit-card program to offset its slightly higher prices.

"We're not the cheapest in town," he says, "but our sales volumes are up."

This spring, City Stop plans to launch a new loyalty program using the technology of Outside Networks. Customers who swipe a card with their purchases can get cash discounts.

The chain gets a wealth of data that will enable it to target marketing toward individual customers.

And this has Athey envisioning a future potentially as bright as the Vegas lights themselves. "There's no limit to the flexibility," he said. "We really hit the jackpot." ■

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