



THE LAUNDROMAT GUYS
GROWING PROFITABLE LAUNDRY BUSINESSES

THE QUEST FOR THE DREAM LOCATION

Success revolves around much more than just the demographics study

How do you know if you have the “perfect” location? Some think demographics data is the crystal ball in which success or failure is clearly visible. In truth, studying a location’s viability is better compared to an onion, where one must peel layers to get the desired information (hopefully, the results bring tears of joy).

ALL ABOUT THE AREA

Peeling the first layer starts with a review of the overall area of the site. In the past, I wrote about the presence of major names such as Rite-Aid and McDonalds. These businesses are a good barometer of the viability of the neighborhood. I should, however, note that even if the market is made up of largely older mom-and-pop shops, it should not be discounted; you might be ahead of a community’s rebirth. Next, gauge your own feelings. Is this an area where you’d want to get out of the car? Meaning, would you enjoy going to work here?

Should you fear the presence of a couple of laundries in the area? Don’t be too quick to move on. Many areas can support several Laundromats. The first question shouldn’t be: “Should there be another laundry here?” Rather, “Should I have a laundry here?”

You may find that an outdated store has an owner who’s motivated to sell. The benefits of this situation are many, not the least of which is avoiding tap fees a new store will be hit with.

Look at the traffic flow. You want to have good visibility. Don’t worry so much about speed limits. If it’s a good area with easy access and ample parking space, people will come. Are there any natural boundaries that may impact whether residents visit your store? Are there any road projects slated for the future that may change traffic patterns or reroute flow away from the store?

Aerial views of your market, available on the Internet, can be helpful in identifying the presence of natural barriers and overall traffic patterns.

In assessing a possible market area, look for businesses such as auto body and repair shops as well as tire stores, auto part stores and quick-lube garages. Their presence likely indicates the surrounding population is mobile and your store will not just draw its customer base from residences within walking distance.

Schools in the area are generally another good sign, as that means there are families in the neighborhood. And we as self-service laundry owners love families.

LIVING ARRANGEMENTS

Now let’s review residences in the area. Obviously, the old standard of a high percentage of renters still applies today. Details to pick up include the number of mailboxes on houses, and whether there’s more than one electric meter. In homes like this, not all the units have washers. Note the number of cars in



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the driveway. Again, you're looking for a mobile renter population. Are there dryer vents coming out of the basement?

We want to see older housing stock, preferably prewar. Don't be worried if the market doesn't have a large, high-rise or apartment complex, as neither is a guarantee of success for a laundry. In fact, new apartment stock often can hurt your business, as many developments are built with in-unit laundry equipment.

Within your demographics, you'll be looking for a decent-sized population with a high percentage of renters. Larger households are great — more children equal more laundry, which is something more easily accomplished using a store's large-capacity equipment.

THE GUY DOWN THE STREET

Part of your location analysis must include a review of the competition. Examine what they do well and not well. What will your store do better? How will they respond to your entry into the market, and how will you counter? Do you need to counter? What owners forget is this is a market-share play. By that, I mean you aren't creating business; you're merely trying to gain the largest share of the business within the market. Keep that in mind.

Of course, this business is full of pitfalls and the most damaging ones will hit you early on. The biggest mistake people make in reviewing locations is not going deep enough with their due diligence. Some find their site needs to be rezoned to put in a vended laundry, not exactly good news when the ink is already dry on your property purchase. Others find out too late that the location needs upgraded utilities to handle the demands of a Laundromat. It's no fun to discover that your build-out cost now must include a \$40,000 gas line upgrade.

Operating in New Jersey, I've run into all sorts of municipal hurdles when helping customers. The important things are knowing what questions to ask and where to go for the information. For instance, a visit to the municipality's building department will answer the question, "Is another prospective owner already starting construction of a laundry in this area?" Working with an experienced distributor can save you from making some expensive mistakes.

TWEAKING STRATEGY

Generally, the same demographics that worked 10 or 15 years ago still hold true for success today. However, I think some owners and distributors may have been slow to see the possibilities in higher-income locations. Time is a commodity, and if people can save a substantial amount by laundering with commercial equipment, many will take advantage of the savings. Better still, this may be a prime location for profitable wash and fold service complementing the self-service laundry.

If there's one thing I hope newcomers to our industry take from this column, it's the realization that identifying what makes a great location is far more than just reviewing a demographic study. Much can be gained by simply observing and asking questions of store owners in the area. Don't just seek one definitive answer; keep peeling layers off that onion. There's no such thing as too much information when it comes to a business deal.



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Our business has a bright future, and there are many areas in your own backyard that would be perfectly suited for a coin laundry. Renter populations are projected to grow in the near and distant future, and we've only just begun to market our water and energy efficiency compared to doing laundry at home.