

Rockford-based Road Ranger growth not fueled by gas prices

By Thomas V. Bona

BusinessRockford.com

Posted Apr 11, 2008 @ 11:26 AM

Last update Apr 11, 2008 @ 02:20 PM

ROCKFORD —

Road Ranger is well on the road to 100 locations.

The Rockford-based company has added 26 gas stations and convenience stores since the start of 2007. It now has 73 locations in seven states.

But its growth isn't fueled by record gas prices. In fact, the chain now makes most of its money from what's inside its stores, such as pizza, cigarettes and motor oil.



Opportunities are endless

It's a good time to be a chain of gas stations looking to expand.

Many good deals are on the market, said Jeff Lenard, spokesman for the National Association of Convenience Stores.

"If we're in a downturn now, there are opportunities, if you have capital available to grow," Lenard said. "There are those chains that are having a tough time and are looking to sell stores."

Rockford-based Road Ranger snatched up 11 stores in the Cincinnati area this year from a bankrupt chain. Road Ranger has added 26 stores since the start of 2007 and could add another 27 or so by the end of the year. Well-run gas stations can still make money in hard times, Nieman said.

"You're not going to give up smoking if there's a recession. You're still going to be buying soda and filling up your tank," he said.

"In the old days, we could just have a boy in the box selling the gas. Now he has to run a

3,000-square-foot store with 6,000 items,” President Dan Arnold said. “We need our stores to be so competitive in value that you’re going to shop five days a week and get gas one day a week.”

The retail gasoline business has gotten more competitive in recent years. Discount giants such as Wal-Mart have started selling gasoline at lower prices to bring customers to their stores.

Meanwhile, high prices have cut consumer demand and slim margins mean gasoline is more of a “loss leader” than a profit-maker. Jeff Lenard, a spokesman for the National Association of Convenience Stores, said gasoline accounts for 71 percent of a typical station’s revenue, but only 34 percent of its profit.

Despite the challenges, Road Ranger’s growth has been steady. Last month, it bought 11 stores in the Cincinnati area from the bankrupt Ameristop chain. It has plans to build 10 more between the Rockford and Chicago areas, including one on the east side of Belvidere that will open this summer.

Arnold still thinks they’ll hit 100 locations by the end of the year.

“If it takes us until 2009, it’s not the end of the world,” he said. “By putting it out there, it lets all our employees know that we’re a growing company. This is a company on the move.”

Arnold’s long-term goal is to take the company public, but he said that won’t happen until it reaches around 300 stores.

For now, the company is focusing on smaller changes.

This year, it should roll out a new Road Ranger credit card and customer loyalty program. It’ll seek “Top Tier” certification for its gasoline, which means its detergent levels exceed federal requirements and meet a high level set by certain automakers. It’ll also add more food and retail offerings at its stores, including Subway and Chester’s chicken.

The company will try to grow by buying existing stores from chains in other regions. In this region, it’ll grow by building new stations, Arnold said, “to fill the holes in.”

For example, there’s only one Road Ranger in the Chicago suburbs. Arnold said the company plans to expand in that direction to catch daily commuter traffic.

“We want to be ‘top of mind’ for the consumer,” he said.

Staff writer Thomas V. Bona may be contacted at 815-987-1343 or tbona@rrstar.com.

Provided by: <http://www.rrstar.com/communities/x386231392>