

Truckstop & Lagniappe

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While the video-poker business drives the truckstop business in Louisiana, the focus of the management of Palace Truck Stop & Casino is squarely on being the best truckstop, says Robert Horton, general manager of the New Orleans-based retail complex that along with fuel includes a casino, convenience store and restaurant. The casino is strictly *lagniappe*, he says.

The truckstop is the company's only location. In terms of total revenue, the casino side is about 35% to 40% of Palace's total revenue; in square footage, it is less than 5%.

"Here in Louisiana way back when, they wanted to save the truckstops, so they issued video-poker licenses to help us have a viable business model. Once they did that, everybody wanted to get into the truckstop business to have a

casino," Horton says. "If we focus on being the best truckstop, everything else will fall into place."

Getting Better All the Time

The video-poker business is run by the state police. The number of poker machines is determined by the number of gallons of diesel and gasoline a site pumps every month.

"We've got a lot of players out here who are just trying to pump as much fuel as they can by lowering their retail price so they can focus on keeping their casino business running, whereas we're the biggest truckstop in New Orleans—we're on 16 acres—and we really set out to compete not only on price, but on quality," says Horton. "We know that we have the most amenities for our drivers, the most services we offer to them."

» *Lagniappe* (/lænjæp/ LAN-yap): a small gift given to a customer by a merchant, such as a 13th doughnut when buying a dozen or, more broadly, something extra.

The company recently added a CAT scale to the site, the only one in the area, and it is remodeling its still-open restaurant, which will reopen as a 139-seat Huddle House by late June.

"We're putting almost \$750,000 into this place. We're redoing the whole front façade, renovating our video-poker casino and doing some repairs to the parking lot," Horton says.

"Our location is a tough one—being in New Orleans east, which has been slow to recover after [Hurricane] Katrina. We've got a pretty well-saturated market here—a lot of competition. A lot of players compete on price, especially on the fuel side of things."

A TravelCenters of America site on the other side of Lake Pontchartrain is Palace's biggest competitor. A number of small, independent truckstops and casinos are within a few miles.

Horton says Palace's retail philosophy is to "offer quality products at fair prices." Finding a good supplier that has the company's best interests and its customers' best interests in mind has been difficult: "I took over about 11 months ago, and I've had to analyze every single relationship that we've had, and almost 80% of it has been turned over. We've been able to reduce recurring expenses and costs by over 10% a year already, and we're continuing to get better."

Palace recently went live with Houston-based FuelQuest Inc.'s Fuel Center, the same software used by

Breaking It Down

Ruth Fertel, who founded Ruth's Chris Steakhouse, was the original owner of Palace Truck Stop & Casino. Now that she has passed away, her lifelong friend and business partner, Lana Duke, bought out her estate and currently owns Palace along with Laser Amusement—a big player in Louisiana with video poker, jukeboxes, pool tables and ATMs—and a small investment firm.

large retailers such as Couche-Tard and 7-Eleven. It increases the security of the supply and also offers load shifting, which is moving supply delivery up or back depending on NYMEX and the spot markets. Considering Palace's competition, it allows the site to buy in a very competitive way.

"We're the small guy, and we're looking to have the same purchasing power as the big boys," says Horton.

'Welcome to the Palace'

Horton, who was new to the business when he came to Palace, says the best thing about working in the truckstop industry is the people he meets.

"We have a very loyal customer base," he says. "Some of the truck drivers, like 'Cowboy,' are here even more hours every week than I am."

All of the c-store clerks are trained to greet every customer that enters the doors with "Welcome to the Palace." Its slogan is that the Palace is where "we treat you like royalty."

He says the company likes to hire individuals "with a strong work ethic and outgoing personalities. With the largest share of revenue coming from our regular customers, the employees do form bonds with them. . . . Everyone has to work, so you might as well have fun while you are doing it."

Crazy things do happen at the Palace: "Being so close to the water, we end up with wildlife that makes its way on the property. We have a baby alligator living out there right now."

But the bottom line is "to keep the owners motivated and get them to start seeing the returns that they expect to see when they purchased the thing," Horton says. ■