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Greenbelt cleaners ready to add to chain

FRANCHISER

Zips bases its appeal on pricing: small per-piece charges paid up front

By DANIELLE DOUGLAS

Leases are in place for several new Zips Dry Cleaners to open in the Baltimore-Washington area before the close of the year. The Greenbelt-based company, having established a foothold in the region, wants to replicate its popular flat-rate model all along the Eastern seaboard.

As it stands, Zips has 28 stores in Maryland, Virginia, the District and southern Pennsylvania. Most of these are franchises that took off in the midst of the recession, when a number of unemployed turned to entrepreneurship and liked the brand's no-frills model, said Andrew Cucchiara, vice president of franchise operations.

An average Zips does about \$1.4 million annually, with profit margins of around 25 percent after expenses. Unlike most dry cleaners, it requires upfront cash payments from customers — Zips charges a nominal \$1.99 per garment. The sheer volume of business helps keep costs down.

Zips runs a straightforward opera-



Jeffrey MacMillan/Capital Business

\$1.99 APIECE: Jeremy Downs hangs shirts at Zips Dry Cleaners in Lanham.

tion. Garments are cleaned on site, allowing for same-day service, while bar-code tags are distributed to track individual accounts. The company provides franchisees with months of on-site training prior to launching their own stores. Zips also offers entrepreneurs help in locating financing, equipment and real estate.

"This is really about building a brand, which doesn't really exist in dry cleaning," Cucchiara said. "We're try-

ing to make it as painless as possible for that person that takes a leap of faith with the Zips system."

Moving beyond the Mid-Atlantic, the company has designs on the New England states as well as the Southeast, having just opened a branch in Hampton Roads, Va. Expansion, however, will be measured, said Cucchiara. "It's important not to take the shotgun approach, but to grow like the rings of a tree so you can be self-supporting."

Cucchiara estimates that sales increased roughly 20 percent last year. That level of growth has been relatively consistent over the past three years, contrary to industry trends. Sensitive to changes in disposable income, the \$9.6 billion dry-cleaning and laundering industry suffered about 2 percent declines in revenue during that period, according to research firm IBIS World.

Tighter budgets, however, have been a boon for a concept like Zips. "Do you turn your clothes inside out and wear them an extra day because the economy is tough? You still got to get your clothes clean," Cucchiara said. "The question is are you going to spend \$50 or \$20 on your dry cleaning?"

Even with its attractive sales position, Cucchiara said Zips has at times found it difficult to lease space. Landlords unfamiliar with the concept balk at renting to a dry cleaner because of the environmental hazards associated with cleaners. Cucchiara said Zips is transitioning away from using perchloroethylene, or "perc," toward using an organic, hydrocarbon product in its cleaning process.

Zips began in earnest nine years ago, when the owners of eight affiliated dry cleaners broke away from their California-based operator. The group of 14 owners began using the franchise model in 2006 to expand their footprint.

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