



Hang Loose, Tough

A.C. Starbucks licensee has survived Sandy, and the losses of major casinos, and keeps on pouring.

ATLANTIC CITY — When you're a shopkeeper at the Shore, you take your lumps. The seasonal nature of running a business here can be brutal.

Starbucks licensee John Betz has lived through two major setbacks: Hurricane Sandy on Oct. 29, 2012, and the closure of Trump Plaza, one of five casinos to be shuttered since 2014 in this resort town.

Both events took out his Starbucks cafés, which were licensed to him, meaning that he runs them himself, pouring his own money into upkeep and helping to design them. In return, he pays a monthly royalty fee to Starbucks and pays again into an ad fund to advertise. He is one of fewer than a hundred around the country who are licensed to have Starbucks-branded stores.



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The coffee giant offers such licenses only in certain venues, such as casino resorts and hospitals.

Betz owns or part-owns 10 Starbucks. They average about \$2 million in annual sales per store and just under 300,000 customers a year.

Among Betz's holdings are a pair of Starbucks shops inside Tropicana Casino, which have seen increased sales of 2 percent and 9 percent respectively over the last two years, despite the closures of the A.C. Hilton, Showboat, Revel, Trump Plaza, and, most recently, Trump Taj Mahal.

Betz sees a lot of himself in Atlantic City: scrappy, resilient, and unwilling to give up.

He and his wife, Anne, entered A.C. in 1997 when they became a franchisee with Auntie Anne's, which sold soft baked pretzels. The couple's portfolio grew to 11 stores, including three at Cherry Hill Mall, one apiece at Plymouth Meeting, Springfield, and Mays Landing's Hamilton Malls, and two at Philadelphia International Airport.

He also had an Auntie Anne's at the three casinos owned by Donald J. Trump: Trump Marina, Trump Taj Mahal, and Trump Plaza. The couple sold all of their Auntie Anne's franchises by 2009.

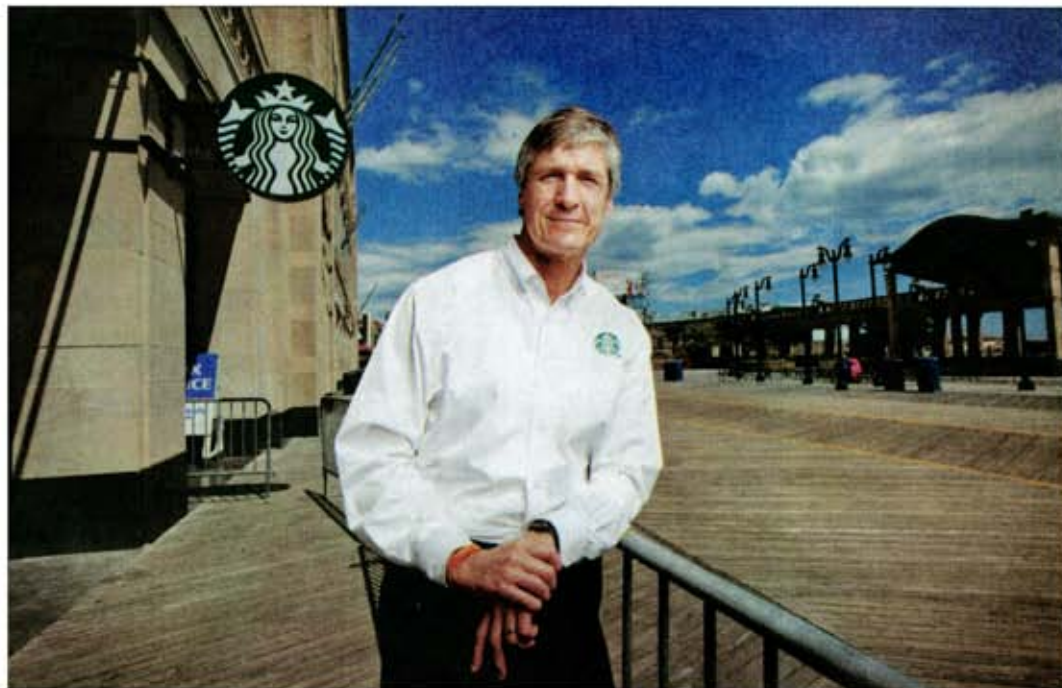
Larry Mullin, then president of Trump Marina and now the No. 2 at Hard Rock International, got Betz interested in Starbucks. Hard Rock just bought the shuttered Taj to convert into a \$400 million casino.

"From day one, we always focused on the guest experience," Betz said. "That's what set us apart."

At Betz's Starbucks, customers are referred to as "guests." Every Starbucks cup and pastry bag has the first name of the guest.

"It's more than just the coffee, it's the experience people have when they see us," he said. "When they're walking in the door, a lot of times we've already started making their drink because we already know them so well and their favorite."

That routine was shattered by Sandy. The monster storm flooded his Starbucks at 8005 Ventnor Ave. in



Starbucks licensee John Betz kicks back in front of the Starbucks at the Boardwalk Hall in Atlantic City. JESSICA GRIFFIN / Staff Photographer

Margate with 18 inches of water, seaweed, and sand, destroying all of his equipment and furniture.

A call from Margate Mayor Mike Becker persuaded him to stay and rebuild.

"He said, 'John, we have to get back to some type of normalcy,'" Betz recalled.

Betz arranged for a custom trailer, measuring 15 feet by 8 feet, to be shipped from Chicago for \$7,000, which he paid out of pocket.

Within two weeks, he had the trailer, wrapped in a Starbucks logo with menus on the side, up and running. For two months, tables and chairs were set out front while he renovated his damaged store.

But Trump Plaza's closing in November 2014 was even more of a gut check. Betz found out his coffee shop was closing from a crew member after

he had invested 12 years there.

"It was such a sinking feeling," Betz said. "I did nothing wrong. Everything was up to par."

Betz paced up and down the Boardwalk, and that's when he recalled having a eureka moment: Why not re-create the Starbucks experience at Boardwalk Hall, the storied sports and entertainment venue, next to Trump Plaza?

Over the last three years, Betz has been working with Atlantic City Mayor Don Guardian and Casino Reinvestment Development Authority (CRDA) officials to make it happen in the venerable arena.

In January, Betz moved into former box office space measuring 1,050 square feet at Boardwalk Hall that the CRDA retrofitted with new electric, water, and sewer utilities, as well as a vanilla shell, at a cost of about \$600,000. Betz and his business

partner, Bruce Keating of Daniel J. Keating Construction Co., contributed an additional \$850,000 for a build-out, customized woodwork and countertops, and specialized equipment.

The CRDA is his landlord. Under a new 10-year lease with a 10-year option, Betz pays a percentage rent deal, in which the CRDA gets higher rent the better his sales are. The CRDA pays all extra costs, including his utilities.

The new Starbucks opened May 12 as thousands of Stockton University students and their families and friends gathered at Boardwalk Hall for graduation ceremonies.



Betz looks over the store plans for the Starbucks that is inside the Boardwalk Hall.

Jim Wynkoop, executive director of Boardwalk Hall, called it a partnership. Boardwalk Hall promotes the Starbucks in ads for upcoming concerts. "He draws more people to our venue," Winthrop said.

It's hard to miss Betz's Starbucks. A perpendicular sign faces traffic on both sides of the Boardwalk with a large Starbucks logo.

"People coming to town will search out our brand, and ask, 'Where's the closest Starbucks?'" Betz said. "City greeters, known as ambassadors, have said that's the most frequently asked question."

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