

Ice House vending machines offer more ice for less money

By ELLYN COUVILLION, The Advocate

It's hard to stand near the inner workings of the machine for more than a few minutes, it's so cold.

The concept of the Ice House, however, may be one of the hottest new trends in the retail ice business.

"It's changing the way people get ice on the East coast -- and (the idea) is starting to work its way to the West coast," said Steve Starnes, who, with a partner, has bought an Ice House sub-distributorship for the parishes of Iberville, Pointe Coupee and West Baton Rouge.

The first Ice House in the state has been operating in West Baton Rouge Parish, in the Brusly/Port Allen area for about six months.

The distributorship for Louisiana itself is held by Louisiana Ice House Distributors, a company formed by Baton Rouge businessman Steve Hicks and local attorney Louis Quinn, Jr.

They have set up two machines in Baton Rouge. One sits on Jones Creek Road at the edge of the Hi Nabor parking lot and the other is located in the parking lot of the shopping center at the corner of Perkins Road and South Acadian Thruway.

Prices for the ice vary, according to the market, but, at the two Baton Rouge machines, it costs \$1.25 for a 16-pound bag of crushed ice or 20 pounds of bulk ice, to be caught in the customer's own container.



Advocate staff photo by Bill Feig

Steve Hicks, left, is the Louisiana distributor for Ice House America and has installed two ice-vending machines in Baton Rouge and plans on installing more. Steve Starnes, right, is a sub-distributor in West Baton Rouge Parish. Inside the Ice House, a vending machine that sells bagged and bulk ice, water pours continuously over freezing cold stainless steel cylinders, building up like big icicles until a heat exchanger cracks off the ice.

The slogan “Twice the Ice” is printed in big letters on the side of the machine, because the price generally beats that of the bags of ice sold from freezers at grocery and convenience stores.

In Baton Rouge, a seven-pound bag of ice from one of those freezers sells for about \$1.

A fairly new company, Ice House America, with corporate headquarters in Atlantic Beach, Fla., has been selling distributorships and gaining new markets for its ice-vending machines since the summer of 2004, according to owner, chief executive officer and president Bob Alligood.

He said that Ice House machines that have been up and running for a while have average sales of \$65,000 per year.

While early distributorships have been sold mostly along the East coast, Alligood said that, to date, the company has sold 21 distributorships “from Kentucky to Nevada.”

The company has even sold a distributorship in Alaska, where, ironically enough for that state of chilly temperatures, bagged ice is in such demand that an Ice House can command \$6 per bag, said Starnes.

Ice House America purchased the technology for the ice-vending machine in 2003 from two inventors in Moultrie, Ga., who were operating some prototype machines there.

Alligood’s company continued to develop and test the design of the Ice House, before going into production for itself last year.

The company’s manufacturing facility continues to be located in Moultrie, where it produces the machines that stand 9 feet high, 8 feet wide and 22 feet long, according to Hicks.

The Ice House makes 6,500 pounds of ice a day, said Starnes, to be dropped through a chute, in a bag or in bulk.

The company sells the bulk ice for the same price as the bagged ice, since it's not parting with the heavy-gauge plastic bag used for the bagged ice, said Hicks.

For the bagged ice, the machine fills the bags up with ice and sends them down the chute, where the customers tie the bags up with wire twist ties provided in a rack on the front of the machine.

Hicks and Quinn, who bought the Louisiana distributorship for an undisclosed amount in July 2004, are looking to sell sub-distributorships throughout the state, but have held onto five parishes -- East Baton Rouge, Livingston, Ascension, Tangipahoa and St. Tammany -- to develop themselves.

"Within the next three years in those five parishes, we hope to have approximately 35 machines," said Hicks, who is also chairman, president and chief executive officer of another Baton Rouge company, Provident Group.

The company develops, owns and operates affordable housing and senior living properties, as well as housing and other facilities for colleges and universities, said Hicks.

As far as the Ice House business, Hicks and Quinn are planning to set up their next machines in Baton Rouge near apartments south of LSU and in Ascension and Livingston parishes, said Hicks.

Three other people have shown interest in purchasing sub-distributorships for Calcasieu, Cameron and Lafayette parishes, said Hicks.

And his Ice House distributorship has entered into an agreement with a group looking to bring the machines to Orleans, Jefferson, St. Bernard and Plaquemines parishes.

Hicks said that Ice House America has developed a trend line that shows it generally takes about 90 days for a new machine to reach sales of 125 bags of ice per day, the point at which the machine is considered a reasonable success.

At 125 bags per day, "you're more than breaking even, you're getting a reasonable return on your investment," said Hicks. "If you borrowed money for the machine, you can service the debt and put some money in your pocket."

He said that the performance of the Ice House at Acadian and Perkins is “right on the trend line” and that the machine on Jones Creeks is outperforming the 90-day trend line. Both machines have been open for about a month.

On a recent Monday morning, a customer, Christopher DeBetta drove up to the Ice House on Jones Creek and rolled his 48-quart ice chest over to the machine.

He said he comes “every three or four days,” to fill up the chest with 40 pounds of bulk ice, at a price of \$2.50, to ice down beer and sodas at his home.

Not long after sub-distributors Steve Starnes and business partner Jim Parker opened their Ice House on La. 1 in front of a truck stop between Port Allen and Brusly, a man who had heard about it drove over from Grammercy to fill up the bed of his truck with ice, said Starnes.

The man bought 520 pounds of ice for \$26 to ice down the food and drink for his son’s wedding reception, said Starnes.

To have time to get accustomed to the business before the hot months of summer, Starnes and Parker set up their Ice House in December last year, on a day that was freezing cold, itself.

“We went inside the machine to warm up,” said Starnes.

Next to the Ice House is the field where a Wal-Mart Supercenter is coming, the main reason the men chose the location for the machine, said Starnes.

The Ice House in West Baton Rouge currently sells its 16-pounds of bagged ice and its 20 pounds of bulk ice for \$1, slightly less than the \$1.25 in Baton Rouge. Business is going well for the location, said Starnes.

He declined to give the amount that he and Parker paid for the sub-distributorship for three area parishes, but said it was based on the populations of the parishes.

The men also paid \$95,000 for the Ice House facility itself and paid for the lease of the property where it sits, as well as hookups to water and phone lines (There’s a computer-operated phone inside the machine that automatically notifies the owners

if any problems with the system pops up.)

In addition to holding their sub-distributorship, Starnes and Parker also provide maintenance and service for the machines operated by Louisiana Ice House Distributors and will be minority partners in the development of other sub-distributorships that arise in the state, said Hicks.

Since he got into the new business, he's learned a lot about ice, said Starnes.

Before that, he said, "I didn't know a damn thing about it except it kept my drink cold."