



**How to Make Money  
in the  
Australian Car Wash Industry:  
A Strategic Perspective**

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## Executive Summary

Is it still possible to make significant money in the Australian car wash industry? This document will try to answer this question by first focusing on the state of the car wash industry, the challenges faced by a company – then offer solutions to them.

As of 2015, the car wash industry in Australia is thriving: Industry revenue grew by a compound annual rate of 2.5% from 2014-15, and reached \$526.8 million.<sup>1</sup> This is due to several factors, including the rise of discretionary spending. Early in the period, water restrictions and consumers' environmental awareness regarding the effects of washing vehicles at home drove consumers to industry operators. A boost in new car sales have also been a strong factor, as consumers with new cars are more likely to pay for expensive washing and detailing.

While the Australian car wash industry is competitive, it's still a relatively wide open: The industry also has a low level of market share concentration, and the top four operators account for 50% of industry revenue<sup>2</sup>. This fragmented nature of the industry can be explained by the relatively low barriers to entry, along with the industry's highly competitive nature.

This type of business presents a series of problems that are challenging to existing and future companies. If they are not embraced and solved, a company's customer base could suffer erosion resulting in a loss of profits and revenue.

# Problems and Solutions to Running a Car Wash

## Scattered Industry

### Problem:

Because of the basic nature of the industry, many operators are not thinking of the bigger picture and how they fit into it. They do not have long-range goals or ambitions.

### Solution:

Develop concrete goals and plans that are challenging but realistic. This includes defining a strong brand, implementing an effective marketing plan, and scouting for new locations.

## Location

### Problem:

It has always been the golden rule of real estate, and it comes as no surprise that a car wash's locale can impact revenue substantially. A car wash located in a certain neighborhood may acquire a few regular customers, and some vehicles passing through – but the volume of traffic can be limited by these factors.

### Solution:

The car wash should be located in a heavily-trafficked area, one in which the vehicle will remain in the same spot for awhile. Shopping Centres are ideal for this. Shopping centre growth is on the rise, and more centres have car washes located in or near the parking area. Customers can conveniently shop while their cars are being washed. The growth of car washes within shopping centres have outstripped the free-standing variety – a growth that is set to continue.<sup>3</sup>

## Service

### Problem:

Most car wash businesses lack a consistent degree of quality. Some suffer from improper customer service. Others skimp on the washing process – rushing vehicles through for a sketchy job.

### **Solution:**

Service can be streamlined through central ownership and uniform management on site. Companies should be committed delighting the customer, not just satisfying them.

## **Branding**

### **Problem:**

A car wash company can stunt its growth without establishing a clear and defined brand. The consequences of this are a lack of differentiation <sup>4</sup>, identity, and recognition. This might jeopardize marketing potential with elements such as word-of-mouth, social engagement, a consistent message, viral marketing, etc.

### **Solution:**

Establish a clear and defined brand based on the company philosophy, logo, appearance, advertising, and all facets of marketing.

## **Marketing**

### **Problem:**

Many car wash operators don't have effective marketing. Many have little or no marketing plan: They think that just existing is all the marketing they have to do. If they're part of a franchise, they're often at the mercy of the corporation's efforts – which often has limits.

### **Solution:**

Establish a defined marketing plan:

Distributing Signs and Billboards

Grand Opening Special to draw new customers.

Aggressive marketing in the new area: (print, TV, radio ads)

Memberships – with loyalty rewards and discounts

Senior Day Specials  
SMS Notifications  
Social Media Events  
E-commerce  
Online vouchers  
Promotional Events around notable holidays, including Christmas, Easter, Mother's/Father's Day, etc.

## **Franchising**

### **Problem:**

As car wash companies grow and expand, they are often tempted by the franchise world. This presents a number of problems, starting with the bottom line for the owners: The franchise often squeezes the owner by asking for unreasonable fees which are too high. If the franchise's marketing system isn't effective enough – the owner is forced to spend funds on their own. Also, the degree of service can vary wildly across different locations.

### **Solution:**

Avoid this strategy altogether: Strive for central ownership and management.

## **Ergonomics**

### **Problem:**

Starting and running a car wash facility has an impact far beyond its own location. The environment is vulnerable to all kinds of phenomena, including the leftover water from a car wash facility. Many car wash companies are not doing their part to protect the environment. Others are not managing their water supply/usage – and are generally wasting water. Many aren't recycling water or treating waste so it doesn't end up in the wrong place.

### **Solution:**

A company should establish a system which uses a minimal amount of water. Create a recycling system to treat waste so it doesn't reach the environment. Ideally, a company could go the extra mile and contribute to a carbon fund.

## **Wide Customer Base**

### **Problem:**

A car wash is faced with a wide range of customers, from all income levels, occupations, and genders. However, many companies don't offer broad enough services to satisfy this range. Also, their marketing isn't catering to special groups of the demographic.

### **Solution:**

Offer a wide range of services, from the simple quick wash to the high-end detailing and polishing service. Mark certain days on the monthly calendar for different groups on the demographic – including seniors, veterans, etc.

## **ROI/Profits/Growth**

### **Problem:**

A car wash company – especially if it's debt from the start – must establish cash flow and produce a decent monthly ROI. If not, all facets of the business are impacted, including marketing, wages, supplies, etc.

### **Solution:**

An ideal car wash company should turn a profit right away, and project predictable growth rate over time. Each location should be solvent and profitable within one or two years.

## **Design/Architecture**

### **Problem:**

Many car washes are established without regard to street traffic, customer/pedestrian safety, the transition process, parking, and other factors – often making it too inconvenient for the customer. Many owners completely avoid the aesthetics of their site, presenting an unattractive appearance to prospective customers and their friends and/or relatives.

### **Solution:**

A successful company should already have a working relationship with a dedicated team of architects and designers that can give a makeover to

an existing site, or create a new one from scratch. This will ensure a site that is safe and pleasing to the eye.

## **Security**

### **Problem:**

Car wash facilities are notorious for scratches and marks after emerging from service. And more than often, a less reputable operation will deny responsibility for any damage.

### **Solution:**

Install a surveillance system, with cameras placed at strategic points throughout the facility. This will ensure integrity and responsibility on the part of the company, and boost the confidence and loyalty of its customers.

## **The SNAP Solution**

The SNAP brand is already recognized and trusted in the Australian car wash market. It has produced a successful company which has:

- Shown a 30% growth rate after taking over an existing car wash operator.
- Shown a 70% growth rate within a year at a new location.

SNAP Car Wash & Valet does not hold any bank debt. All locations are operating from a pure equity standpoint. We also have a \$1M capex for new expansion locations.

We are projecting sales of over \$7 million in the 2015-16 financial year and estimate to keep that growth running at a rate of 30% year on year as we grow our brand.



## **Conclusions**

Our goal is to become the leading car wash company in Australia. We offer paramount service, a formidable ROI, and are expanding to new locations.

We would like to thank you for the opportunity to present our services and look forward to providing even more customers with a high quality and prestigious service.

## **About the Company**

We are a group of private investors who have formed SNAP Car Wash & Valet – which is now expanding rapidly into shopping centres around Australia. We have over 15 years' experience in the car wash industry and strive to keep upgrading our brand to adapt to new technologies.

Our staff enjoys great working conditions with lots of performance incentives. At the operational and corporate level, we have a focused team dedicated on bringing value to customers around Australia. Our aim is to grow the brand and establish a presence for a prestige car throughout the country.

If you are an interested investor, SNAP Car Wash & Valet can offer opportunities for discretionary capital. Please call us today to discuss how SNAP Car Wash & Valet can be a part of your investor portfolio: +612-8520-1041.

## Sources

1. IBIS World, "Industry Analysis & Industry Trends" NAICS 81119a, July 2015.
2. IBIS World, "Industry Report: Car Wash and Detailing Services in Australia" NAICS 81119a, July 2015.
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4. William Blesch, Shockwavesseo.com, "3 Branding Problems that Keep You from the Success You Crave", December 2014.