

# UNWRAPPED!

## 2002 FAST LUBE OPERATORS SURVEY

**By GARRETT MCKINNON**  
**NOLN STAFF WRITER**

**T**his year, for the 15th time in as many years, *National Oil & Lube News* surveyed fast lube operators from across the nation with one goal in mind — finding out the state of the industry.

Once compiled and published in these pages, the Fast Lube Operators Survey reveals what successful lube operators are doing to stay one step ahead of their competition.

We inserted comprehensive survey questionnaires into our June issue, and then mailed the very same questionnaires to selected fast lube owners and operators across the country. Nearly 300 of those surveys came back to us, representing nearly 4,000 fast lubes, or more than one-fourth of the total lube industry.

In preparing to publish the results of our survey, however, it became necessary to separate the results into two distinct categories. In the first category, we have those lube operators and companies that own and operate less than 30 stores in total (henceforth known as LT30 operations). The data from the LT30 category provide a realistic look at per-store

operating averages for a 'typical' fast lube.

It is because of the LT30's per-store data that we compare this year's figures with results from previous years. Also, for the purpose of this article and unless specifically stated otherwise, all statistics will relate to LT30 operations.

In our second group, we have those companies that own and operate more than 30 facilities (henceforth known as MT30 operations). The data from the MT30 category provide a look at how large fast lube companies are faring at a corporate level.

### Operations

The average LT30 lube owner has been in the business for 8.9 years. He or she owns 1.9 facilities, each having an average of 2.7 bays. Eighty-seven percent of these 'average' owners are independent, while 13 percent belong to a franchise. Nearly two-thirds are members of a lube industry trade association.

The average fast lube has 2.5 other lube facilities within three miles of it, and 6.3 other auto-related

facilities that will change oil within three miles. Of that competition, 88 percent discount their oil changes, doing so by an average of \$4.88 per oil change. Of the average lube operators themselves, 58 percent discount their oil changes, doing so by an average of \$3.31.

For the fifth time in as many years, lube operators reported that they plan to open fewer stores than the previous year. This year, lube operators told us they plan to open only 0.3 facilities each, down from 0.4 last year. In 1998, the number was 0.8. Fast lube industry facility growth has, it appears, slowed in recent years.

The 'average' fast lube this year is located in a population center where 33,775 people live within three miles of the facility.

An average fast lube charges \$26.86 for a full-service lube, oil and filter (LOF) service that generally includes a multi-point fluid and safety inspection. But, more than one-third of operators (37 percent) offer a basic, LOF-only service the retails for an average of \$22.51. On the flip side of that, 63 percent of lube operators offer an upscale or premi-

um oil change (usually with synthetic motor oil) that retails for an average of \$43.32.

More than one-third of operators (34 percent) have increased their oil change prices in the last year, doing so by an average of \$1.49. This marks the first time in three years that less than half of operators have increased their prices during the last year.

In an apparent bit of good news (some would even say great), the cost of goods (COGS) for an

LOF service has declined slightly. Last year, lube operators indicated spending an average of \$8.54 in COGS expenses. This year, they reported spending \$8.40, the first COGS decline in more than five years.

Another bit of good news is that ticket totals are at an all-time high. This year, lube operators reported generating an average ticket of \$38.51, nearly \$2 higher per car than last year.

Average car counts fell by more than one car per

day last year, down to 40.3 cars per day from last year's total of 41.4. But, because of higher ticket totals and increasingly efficient business practices, the average break-even car count fell to 25.8. Last year it was 26.7, and in 1998 it was 29.6.

For those operators who have built stores recently, it was not a cheap undertaking. According to the lube operators that responded to our survey, building costs for their most recent fast lube were \$293,853, nearly a \$20,000 increase from last year.

Land costs rose, too, up to \$152,088 for the average fast lube lot from \$145,177 last year.

Newly asked this year was how much it cost to equip a fast lube. According to lube operators who responded to our survey, it costs an average of \$55,822 to purchase all the equipment needed to operate a lube.

While consumers continue to extend their oil changes past 3,000 miles, there is, apparently, a limit as to how far most motorists will drive their car between oil changes. This year, lube operators reported that their customers drove an average of 4,317 miles between oil changes, a figure that has remained fairly consistent throughout the four years we have asked the question. At the very least, extended oil change intervals are not growing significantly from their present level.

What about the average MT30 company? Well, for starters the average MT30 company owns 374 facilities, each with an average of 3.2 bays. Each company plans to open an additional 18.6 new stores next year. The companies charge \$28.64 for a full-service oil change and \$48.52 for an upscale oil change.

MT30 stores have an average ticket total of \$46.15, and average car counts of 40.8 cars per day (down from 43.0 cars per day last year). Their break-even car count is 25.9, and they are open 333 days per year, up nearly a full week from last year. Eighty-four percent of MT30 companies raised their LOF price

# National Oil & Lube News

## Fifteenth Annual Fast Lube Survey Results

### GENERAL

Survey results for 2002 are in yellow and are presented to the right in two categories. The first of the two shaded columns indicates results for operations reporting "Less than 30 stores." The second indicates results for those operations reporting "More than 30 stores." Results for 1998, 1999, 2000 and 2001 are for reference only and represent operations reporting "Less than 30 stores." The responses account for 3,862 facilities and include fast lube stores operating in all 50 states.

### OPERATIONS

	1999	2000	2001	2002	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Independent/company-owned facilities	81%	85%	84%	87%	28%
Franchised facilities	19%	15%	16%	13%	72%
Have attended a fast lube industry trade show	70%	68%	66%	60%	100%
Member of fast lube trade association	63%	57%	59%	66%	34%
Years in the fast lube business	7.1	7.6	8.1	8.9	21
Number of facilities per response	1.9	2.1	2.0	1.9	374
Number of bays per facility	3.0	3.0	2.8	2.7	3.2
Time guarantee: In 2002, 10% of operators offered a time guarantee. The average was 13 minutes.					
Fast lubes within three miles of respondent	2.2	2.4	2.4	2.5	*
Oil change facilities within three miles of respondent	6.7	6.4	5.4	6.3	*
Competitors discounting their oil changes	87%	90%	83%	88%	100%
How much	\$4.58	\$4.81	\$4.94	\$4.88	\$4.55
Operators discounting their own oil changes	61%	55%	62%	58%	90%
How much	\$3.55	\$3.39	\$3.59	\$3.31	\$3.75
Population within three-mile radius of best store	40,388	38,051	28,324	33,775	*
Customer base: low income	9%	6%	5%	6%	0%
average income	79%	77%	81%	82%	87%
high income	12%	17%	14%	12%	13%
Customer base that is female	n/a	n/a	51%	50%	52%
Number of stores operator will open in next 12 months	0.5	0.4	0.4	0.3	18.6
Operators who offer basic, low-cost LOF service	n/a	n/a	n/a	37%	*
How much?	n/a	n/a	n/a	\$22.51	*
Price of standard, full service LOF and multipoint check	\$24.18	\$24.71	\$25.35	\$26.86	\$28.64
Cost of goods for LOF	\$7.98	\$8.29	\$8.54	\$8.40	\$6.73
Time required to perform a LOF	n/a	11 min	11 min	11 min	10 min
Operators who offer up-scale/premium LOF	n/a	68%	70%	63%	84%
Price, if offered	n/a	\$36.37	\$38.03	\$43.82	\$48.52
Operators increasing LOF price in the past 12 months	29%	72%	66%	34%	84%
How much?	\$1.39	\$1.43	\$1.46	\$1.49	1.19
Ticket total	\$32.55	\$35.25	\$36.66	\$38.51	\$46.15
Number of cars serviced per day	41.6	40.6	41.4	40.3	40.8
Break-even car count	28.9	26.6	26.7	25.8	25.9
Hours open each week	59	59	59	59	63
Days open each year	n/a	n/a	320	320	333
Percent of business that is repeat	n/a	69%	70%	72%	73%
Building costs for fast lube	\$292,478	\$277,366	\$273,857	\$293,853	\$396,103
Land costs for fast lube	\$158,500	\$167,664	\$145,177	\$152,088	\$341,438
Equipment costs for fast lube	n/a	n/a	n/a	\$55,822	\$61,689
Mention 3,000-mile oil change intervals to customers	88%	78%	81%	77%	94%
Operators planning to sell their facilities next year	n/a	7%	8%	8%	*
within five years	n/a	24%	21%	25%	*
Operators reporting customers extending o/c intervals	70%	79%	83%	80%	100%
Miles customers drive between oil changes	4,445	4,397	4,409	4,317	4,746
Portion of overall sales made up of fleet accounts	n/a	n/a	10.6%	10.2%	10%
Average number of vehicles per fleet	n/a	n/a	n/a	6.5	*

\* insufficient data to calculate

n/a - not asked

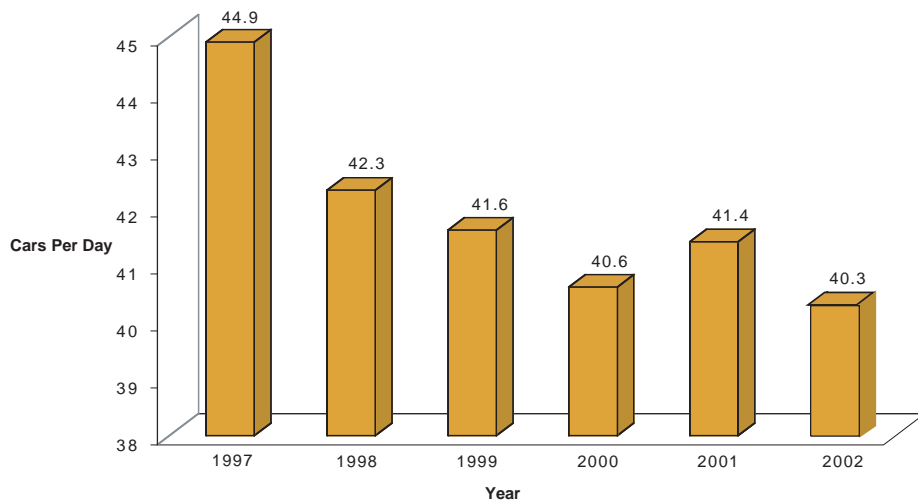
last year, doing so by an average of \$1.19.

While MT30 companies have reported very high customer mileage intervals in the past, this year they reported that customers are driving an average of 4,746 miles between oil changes.

Perhaps the most significant difference between MT30 and LT30 operations, however, is in the area of COGS.

As we mentioned, LT30 stores pay an average of \$8.40 in COGS, while MT30 stores pay an average of \$6.73.

**Average Daily Car Count**



## Employees

Perhaps no other area is as important to a fast lube's success than employees. Employees can make or break a fast lube. But, with the economy having slowed during the past 18 months or so, lube operators do not have to worry quite so much about employees as they have in recent years.

In fact, for the first time in more than five years, lube technician salaries did not rise at all this year, staying at an average of \$7.75 per hour.

Likewise, lube manager salaries rose only a smidgen, increasing by \$103 per year to an average of \$32,519.

MT30 operations were no different. In fact, average lube technician salaries at MT30 companies actually decreased slightly, going down to \$7.43 per hour. MT30 lube managers got a slight salary increase to \$31,463 per year, but as a whole lube industry salaries stayed

put this year.

One new question we asked this year, however, was about lube owners. For those owners who work as full-time employees at their lube, we wanted to know their average salary.

So, the lube owners who work at their facility full-time reported to us that they earn an average of \$54,835 per year.

Since employees are such an important part of a lube's success, we also wanted to know how many lubes perform background checks on their employees, and how many use video monitoring systems to keep track of service procedures. More than nine in 10 lubes (95 percent) run background checks on their employees, but less than one in four (22 percent) use video monitoring systems.

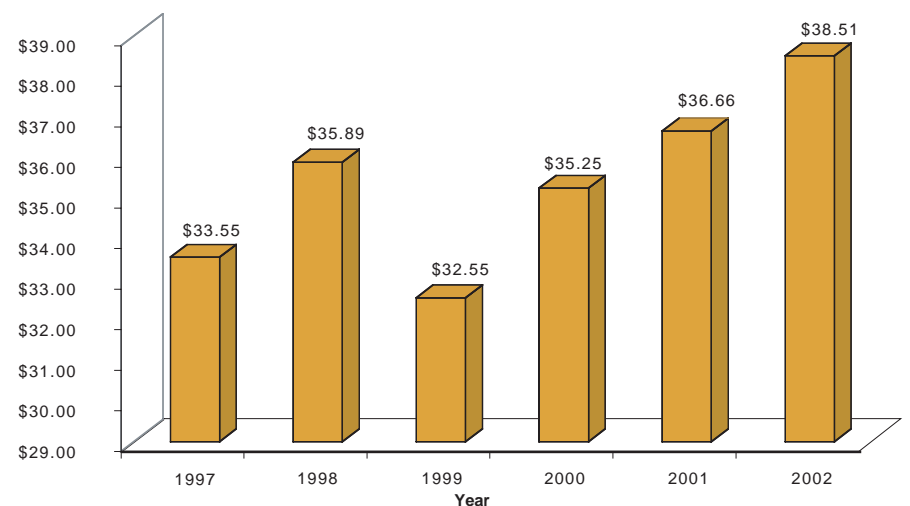
## Carwashes

Carwashes and fast lubes have long been a very good combination. This year, 26 percent of our respondents indicated that they also operate a carwash, with an in-bay automatic being by far the most popular type.

More than one-third of those with a lube/carwash combination offer a free carwash with an oil change.

Of those operators who do not include carwashes, fully one-quarter plan to add one at some time

**Average Ticket Total**



in the future, and 50 percent of those indicated they would add an in-bay automatic.

Besides the in-bay automatic carwashes, however, the next most popular appear to be exterior-only tunnel carwashes. While 18 percent of operators with a carwash indicated that this is the type of wash they possess, of those planning to add a carwash fully 34 percent reported that their future carwash plans include a tunnel wash system.

## Insurance

Insurance is a fact of life these days. Danger might be some people's middle names, but when it comes to fast lubes, being successful means having an adequate insurance policy.

While Worker's Comp rates have stayed fairly consistent in recent years, the average cost of insuring a fast lube has increased. This year, respondents

to our survey indicated spending an average of \$5,497 on insurance for their facility. Last year, respondents said they spent \$4,186

This year, too, we decided to find out how much fast lube operators spent on warranty work. Few fast lubes are fortunate enough to escape customer warranty claims altogether and according to the respondents who answered our survey, lube operators spent an average of \$1,649 per facility on warranty work last year, an unfortunate cost of doing business in the lube industry.

## Keys to Success

This year, as with every year, we asked fast lube operators what they considered the top key to their success.

According to lube operators who responded to our survey, customer service is by far the biggest single key to fast lube success. More than half (54 percent) of the operators said that keeping their customers satisfied was their key to success.

More than one in five operators (21 percent) told us that their biggest key to success is hiring quality employees. Eight percent said keeping car counts high is key, while another 8 percent said keeping their cost of goods manageable is key.

## Advertising

Few fast lubes can afford not to advertise. So, lube operators this year reported spending 4 percent of their overall sales on advertising, a 2-percentage point drop from last year, but still a significant number.

The most popular forms of advertising, excluding word-of-mouth, are direct mail reminder cards (19 percent of operators listed as best), coupons (9 percent), television (4 percent), newspapers (3 percent) and radio (3 percent).

Discounts of one type or another are one of the most successful promotion activities that fast lube operators undertake, listed by more than a third

# FIFTEENTH ANNUAL FAST LUBE SURVEY RESULTS

## EMPLOYEES

	1999	2000	2001	2002
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores More than 30 stores
Average length of employment for managers	4.0 yrs	4.3 yrs	4.9 yrs	4.6 yrs 4.3 yrs
Average length of employment for technicians	1.7 yrs	1.9 yrs	2.1 yrs	2.0 yrs 1.4 yrs
Average hourly rate paid to lube techs	\$6.90	\$7.36	\$7.75	\$7.75 \$7.43
Average annual salary paid to managers	\$28,721	\$31,000	\$32,416	\$32,519 \$31,463
Average annual salary paid to owners (if full-time employee)	n/a	n/a	n/a	\$54,835 *
Average number of lube technicians employed	n/a	5.4	5.2	5.0 9.0
Operators testing employees for drugs	n/a	27%	31%	27% 92%
Hours of formal training employees receive per year	28	27	27	23 40
Operators offering incentive-bonus program	83%	78%	86%	78% 100%
Operations that certify lube techs	42%	54%	58%	45% 100%
Operations that perform background checks on employees	n/a	n/a	n/a	95% 94%
Operations that use surveillance cameras	n/a	n/a	n/a	22% 12%

In 2002, the 45% of operations that certified technicians did so through: In-house - 43%, AOCA - 33%, Franchise - 12%, ASE - 8%.

Employee benefits (and the percentage of operations that supplied these benefits) included: Uniforms - 86%, Paid Vacation - 85%, Bonus - 75%, Life/Health Insurance - 47%, Paid Sick Leave - 20%, Retirement - 20%.

## CARWASH

	1999	2000	2001	2002
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores More than 30 stores
Percentage of lube operations offering on-site carwashes	34%	26%	33%	26% *
Type of carwash:				
Full service	24%	34%	31%	19% *
Exterior tunnel	16%	9%	21%	18% *
In-bay automatic	44%	46%	44%	49% *
Self-service spray	16%	11%	4%	14% *
Percentage offering free carwash with lube service	56%	51%	42%	34% *
Operators planning to add a carwash to an existing fast lube	22%	27%	22%	25% *
Type of carwash:				
Full service	23%	15%	27%	13% *
Exterior tunnel	22%	24%	31%	34% *
In-bay automatic	42%	57%	38%	50% *
Self-service spray	13%	4%	3%	3% *
Operators offering detail work	14%	12%	10%	10% 0%
Average price	n/a	n/a	n/a	\$81.31† *
Impulse/vending item sales	35%	30%	24%	24% 85%
Monthly gross income from impulse/vending items	\$456.00	\$839.00	\$455.25	\$360.28 *

## INSURANCE

	1999	2000	2001	2002
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores More than 30 stores
Workers' Comp rate (per \$100 of payroll): for techs	\$4.28	\$3.96	\$3.98	\$4.44 *
for clerks	\$2.44	\$1.70	\$1.59	\$1.46 *
Per-store amount of Workers' Comp claims: \$500 or less	81%	82%	85%	85% *
\$500 - \$20,000	18%	16%	15%	15% *
\$20,000 and up	1%	2%	0%	0% *
Annual cost of insuring a fast lube facility	\$4,806	\$4,361	\$4,186	\$5,497 *
Amount of warranty work	n/a	n/a	n/a	\$1,649 *

## KEYS TO SUCCESS

	1999	2000	2001	2002
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores More than 30 stores
<b>Factors that will determine future success of fast lube industry:</b>				
Customer service	31%	25%	49%	54% 50%
Quality employees	20%	21%	23%	21% 0%
Car counts	10%	9%	12%	8% 0%
Cost of goods	*	11%	8%	8% 25%
Extended oil change intervals	16%	8%	4%	5% 25%
Competition	21%	12%	4%	4% 0%

\* insufficient data to calculate

n/a - not asked

†figures obtained from response rate of less than 5%

of operators as their best promotion.

One trend that lube operators seem to be shying away from is the Internet. According to our survey, only 1 percent of lube operators still send reminders via e-mail. Last year, 25 percent of operators did so.

Likewise, this year only 23 percent of lubes advertise their services on the Internet. Last year, 47 percent did so. While e-commerce

may work for many lubes, as a whole lube operators seem to be sticking with tried and true methods.

### Sales

Let's face it, without paying customers, no business would survive. That's why maintaining good sales figures is so important to a fast lube.

This year, several trends that started years ago have continued. For starters, payroll costs for fast lubes continue to climb. Last year, lube operators spent 27.7 percent of their gross sales on payroll. This year, the figure is 28.3 percent. COGS, also, continues to increase. Last year operators spent 27.5 percent of gross sales on COGS. This year, they spent 28.9 percent.

## FIFTEENTH ANNUAL FAST LUBE SURVEY RESULTS

ADVERTISING	1999	2000	2001	2002	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Percentage of sales designated for advertising/promotion	6%	5%	6%	4%	5%
Percentage of that figure that is co-op	26%	24%	29%	19%	0%
Operators who send reminder cards to customers	72%	73%	58%	63%	90%
Operators offering discounted reminder cards	72%	72%	78%	73%	99%
Operators sending reminders via email	n/a	n/a	25%	1%	4%
Response rate	n/a	n/a	n/a	34.5%	17%
Mention 3,000-mile intervals in advertising	77%	83%	86%	81%	94%
Operators using Internet to advertise services	23%	44%	47%	23%	*
<b>Best forms of advertising:</b>					
Word of mouth	14%	25%	56%	62%	17%
Direct mail/reminder cards	34%	22%	21%	19%	83%
Coupons/discounts	12%	14%	10%	9%	0%
Television	13%	10%	3%	4%	0%
Newspapers	12%	11%	7%	3%	0%
Radio	15%	12%	3%	3%	0%
<b>Other than advertising and coupons, operators' most successful promotions:</b>					
Promotion discounts				35%	*
Word of mouth				15%	*
Carwash				14%	*
Signage				7%	*
Community involvement				7%	*
Radio remote				5%	*

SALES	1999	2000	2001	2002	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
<b>Portion of gross sales used for:</b>					
Payroll <sup>1</sup>	26.9%	28.8%	27.7%	28.3%	29.5%
Lease/Mortgage	10.8%	13.8%	11.1%	12.5%	14.5%
COGS <sup>2</sup>	27.2%	27.0%	27.5%	28.9%	24.7%
Net Profit	15.6%	13.2%	13.1%	11.8%	12.7%
Operations <sup>3</sup>	16.7%	12.5%	16.3%	15.6%	12.3%
Other <sup>4</sup>	2.9%	4.7%	4.3%	2.9%	6.3%
<b>Yearly sales per store (number of employees):</b>					
\$0-200,000	9% (3.6 emp.)	8% (4.1)	9% (3.9)	10% (3.9)	10% (3.9)
\$200-400,000	32% (5.5)	30% (5.5)	31% (5.8)	26% (5.7)	42% (5.3)
\$400-600,000	34% (7.7)	32% (8.5)	38% (7.3)	32% (7.3)	27% (7.5)
\$600-800,000	25% (10.2)	30% (11.9)	22% (9.5)	31% (9.9)	9% (8.7)
\$800,000-up (until 2002, criteria used was \$600,000 and up)				12% (10.7)	
<b>Day of the week with best volume</b>					
	Sat - 64%	Sat - 58%	Sat - 64%	Sat - 58%	Sat - 53%
	Fri - 27%	Fri - 22%	Fri - 30%	Fri - 28%	Fri - 33%
	Mon - 5%	Mon - 7%	Mon - 4%	Mon - 12%	Mon - 10%
<b>Month with best volume</b>					
	Jul - 45%	Jul - 45%	Jul - 56%	Jul - 43%	Jul - 35%
	Jun - 16%	Jun - 21%	Jun - 16%	Aug - 23%	Aug - 22%
	Aug - 10%	Aug - 9%	Aug - 9%	Jun - 13%	June - 15%
<b>Month with lowest volume</b>					
	n/a	n/a	n/a	n/a	Feb - 37%
	n/a	n/a	n/a	n/a	Sept - 19%
	n/a	n/a	n/a	n/a	Jan - 7%
	n/a	n/a	n/a	n/a	Jan - 19%
	n/a	n/a	n/a	n/a	Dec - 2%

\* insufficient data to calculate n/a - not asked  
<sup>1</sup> Includes all payroll (taxes included), salary of owner (if "hands-on" employee), unemployment taxes, workers' compensation, health insurance, bonuses, etc.  
<sup>2</sup> Includes materials and supplies necessary to perform services.  
<sup>3</sup> Includes utilities, maintenance, company insurance, advertising, franchise fees, uniforms, freight, postage, administrative costs, office supplies, taxes (other than income), etc. used to operate business on a day-to-day basis.  
<sup>4</sup> Dues, subscriptions, warranties, travel/entertainment, etc.

Lease/mortgage expenditures also rose after dipping last year. This year lube operators reported spending an average of 12.5 percent of gross sales

on their lease/mortgage.

Unfortunately, those expenditures have to come from somewhere, and it appears that this year, as it

has for the past few years, the higher expenditures have resulted in smaller bottom lines at fast lubes. Last year, lube operators reported a profit margin of

13.1 percent. This year, it fell 1.3-percentage points to 11.8 percent.

Profits fell despite the fact that operational expenditures fell from 16.3 percent of gross sales last year to 15.6 percent of gross sales this year. Miscellaneous expenditures also fell, from 4.3 percent last year to 2.9 percent this year. MT30 companies fared little better in the profit category, either. This year, MT30 companies reported a net profit of 12.7 percent, down from 14.0 percent last year. This despite the fact that both payroll (29.5 percent of gross sales), COGS (24.7 percent of gross sales) and operations (12.3 percent) actually declined slightly last year.

What did not decline, however, was lease/mortgage expenditures. MT30 companies reported spending an average of 14.5 percent of gross sales on lease/mortgage expenses, up from 11.2 percent last year.

Overall, we calculated that the 'average' fast lube's gross sales actually grew this year, to \$496,625 from \$485,671. Oddly

enough, the number of fast lubes that reported earning gross sales of \$400,000 or more actually declined. Last year, 63 percent of fast lubes reported grossing more than \$400,000 in gross sales for the year. This year, only 48 percent reported the same thing.

In fact, in last year's survey 31 percent of fast lubes reported grossing more than \$600,000 in sales, while this year only 21 percent did so.

We did decide to do one thing different on this year's survey. Last year, we broke the sales figures down for \$600,000 and above. This year, we split that category into lubes grossing between \$600,000 and \$800,000, and lubes earning more than \$800,000.

Somewhat surprisingly, only 9 percent of lubes reported grossing

## FIFTEENTH ANNUAL FAST LUBE SURVEY RESULTS

### OIL & EQUIPMENT

### 1999

### 2000

### 2001

### 2002

	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Total sales represented by #1 brand of motor oil .....	77%	81%	81%	81%	90%
Customers committed to a specific brand of motor oil .....	56%	56%	46%	45%	17%
Operations that implement used oil for heating purposes .....	30%	23%	28%	29%	*
Facilities equipped with lifts .....	35%	26%	28%	28%	7%
Facilities equipped with pits .....	93%	94%	91%	94%	100%
Percentage of pits equipped with safety covers .....	62%	65%	70%	72%	96%
Facilities using evacuation systems for oil changes .....	16%	9%	12%	6%	1%
Facilities using a filter crusher .....	57%	44%	52%	46%	93%
Operations that have had gov't tank inspections.....	29%	39%	39%	34%	92%
Type(s) of tank(s) used: Underground.....	17%	15%	11%	12%	0%
Aboveground .....	83%	85%	89%	88%	100%
Responses from states that have an environmental tax on motor oil .....	33%	46%	41%	37%	*
Operations that use scrap metal haulers.....	18%	28%	29%	27%	8%
Operations that accept used oil from DIYers.....	68%	72%	71%	75%	99%
Operations that accept used oil filters from DIYers .....	44%	45%	52%	52%	28%
Operations that charge fee for accepting DIY used oil/oil filters .....	9%	8%	4%	7%	2%
Operations being paid for their used oil.....	32%	45%	57%	65%	94%
How much? .....	n/a	n/a	\$0.12	\$0.12	\$0.18
Operations that invoice customers for environmental fees .....	32%	45%	44%	42%	96%
Average amount .....	\$1.11	\$1.19	\$1.32	\$1.30	\$0.96
Per gallon cost of highest volume bulk oil .....	\$3.23	\$3.78	\$4.20	\$4.13	\$4.20
Operators recycling antifreeze.....	43%	49%	60%	56%	*
Customers that buy synthetic lubricants.....	6%	6%	7%	7%	9%
Percentage of business that is oil change.....	83%	84%	79%	76%	70%
Offer service packages .....	n/a	n/a	63%	54%	94%

#### Best selling brands of motor oil in 2002

1. Pennzoil
2. Valvoline
3. Castrol
4. Quaker State
5. Havoline
6. Mobil
7. Shell

#### Best selling oil filters in 2002:

1. Pennzoil
2. Mighty
3. Valvoline
4. Quaker State
5. Security Filter
6. Purolator
- Service Champ

#### Best selling air filters in 2002:

1. Pennzoil
2. Mighty
3. Quaker State
4. Valvoline
5. Security
6. Service Champ
7. Purolator

#### Most popular synthetic motor oil in 2002:

1. Mobil
2. Castrol
3. Pennzoil
- Quaker State
5. Valvoline
6. Amsoil
- Havoline

\* insufficient data to calculate

n/a - not asked

between \$600,000 and \$800,000 in annual gross sales, while 12 percent reported grossing more than \$800,000.

Once again, July is the biggest sales month for fast lubes, and Saturday is the biggest sales day.

A new question we asked, though, is what month is the slowest for fast lubes? Lube operators responded that February, September and January are their slowest sales months of the year, respectively.

## Oil & Equipment

Lube operators reported this year that oil changes account for an average of only 76 percent of their overall sales. Further, lube operators told us that 81 percent of their total oil sales is accounted for by their number one or 'house' brand.

The 'average' fast lube reports that only 45 percent of lube customers are committed to a specific brand of oil, while MT30 companies report that

only 17 percent of their customers are committed to a specific brand of motor oil.

Fast lubes continue to cover their open pits. This year, nearly three-quarters of fast lubes reported that their pits are covered, a figure that rises to 96 percent for MT30 operations.

Three-quarters of fast lubes accept do-it-yourself (DIY) used oil, an important step in avoiding some environmental cleanup fees associated with Superfund legislation. In fact, more than half (52

percent) of all lubes report accepting DIY used oil filters.

Nearly two-thirds (65 percent) of fast lube operators reported being paid for their used oil, earning an average of \$0.12 per gallon in the process. For MT30 companies, 94 percent are paid for their used oil, earning an average of \$0.18 per gallon.

While only 42 percent of LT30 operations invoice their customers for environmental fees, those that do charge an average of \$1.30. By way of comparison, 96 percent of MT30 operations invoice their customers for an environmental fee, but charge an average of only \$0.96.

Half of all LT30 operations offer service packages, where several services are bundled together in order to attract their customers for a combined purchase. For MT30 operations, 94 percent offer service packages.

Synthetic lubricant sales stayed the same among LT30 operations, with operators reporting that 7 percent of their customers purchase synthetic lubricants. For MT30 operations, 9 percent of customers purchase synthetic lubricants.

The 'average' fast lube spends \$4.13 per gallon for their highest-volume bulk oil, a surprising decrease from \$4.20 per gallon last year. Even more surprising is the fact that MT30 operations reported spending \$4.20 per gallon on bulk oil, up from more than \$0.80

## SERVICES

1999

2000

2001

2002

### Percentage of survey respondents offering following services:

	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Avg. Price of Service	% of Customers who Purchase	More than 30 stores
Air filter replacement	n/a	n/a	100%	100%	\$12.40	25%	100%
Windshield wipers/blades replacement	96%	96%	97%	99%	\$15.56	15%	100%
Differential service	95%	97%	96%	96%	\$24.26	6%	100%
Oil monitoring device reset	85%	84%	88%	94%	n/a	n/a	100%
Breather replacement	95%	94%	93%	90%	\$5.47	6%	100%
Additive sales	89%	89%	84%	89%	\$12.48	9%	88%
Mechanical ATF exchange	76%	78%	91%	86%	\$77.93	11%	100%
PCV replacement	87%	85%	88%	84%	\$6.42	8%	100%
Serpentine belt replacement	75%	79%	87%	80%	\$50.91	7%	100%
Clean windshields	79%	69%	81%	79%	n/a	n/a	100%
Mechanical full-block coolant flushes	74%	73%	81%	79%	\$54.31	10%	99%
Transmission filter replacement	74%	75%	80%	77%	\$58.64	7%	99%
Oil changes on RVs	90%	74%	75%	75%	\$41.00	n/a	100%
Light replacement	69%	66%	79%	72%	n/a	7%	96%
Manual transmission service	94%	95%	75%	70%	\$44.64	8%	99%
Fuel injector cleaning	73%	65%	75%	70%	\$48.71	7%	99%
Chemical engine flush	60%	62%	62%	68%	\$12.24	7%	100%
Fuel filter replacement	52%	58%	66%	63%	\$30.70	8%	97%
Vacuum customers' cars	63%	51%	56%	61%	n/a	n/a	96%
Synthetic transmission fluid sales	41%	46%	63%	59%	\$13.17	5%	11%
Tire rotation	52%	49%	59%	53%	\$16.38	9%	99%
Cabin air filter replacement	42%	39%	44%	42%	\$31.99	6%	99%
Maintain/replace batteries	n/a	40%	41%	36%	n/a	4%	90%
Manual drain and refill of radiators	76%	69%	36%	36%	\$39.32	5%	0%
Water-repellent glass treatments	34%	42%	45%	34%	\$9.69	5%	91%
Air conditioner recharge	35%	29%	39%	32%	\$73.39	4%	99%
Minor mechanical repairs	30%	25%	27%	31%	76.42	13%	6%
Radiator, heater, air conditioner hose replacement	n/a	n/a	26%	28%	n/a	9%	6%
Power steering flushes	n/a	18%	30%	26%	\$45.76	4%	9%
Tune-ups	24%	23%	22%	25%	\$88.63	7%	6%
State inspections	29%	21%	26%	23%	n/a	n/a	96%
Brake service	24%	19%	21%	20%	\$117.78	7%	6%
Wheel balancing	26%	19%	19%	17%	*	*	0%
Air conditioner repair	13%	13%	15%	16%	\$110.76†	6%	6%
Oil changes on boats	16%	8%	14%	15%	\$35.58†	n/a	1%
Mechanized engine cleaning system	13%	10%	12%	15%	\$62.27†	5%†	91%
Shock & strut replacement	16%	15%	16%	14%	\$63.70†	2%†	6%
Smog checks/emission testing	22%	9%	10%	13%	\$32.70	27%†	99%
Oil changes on motorcycles	13%	8%	10%	12%	\$27.65†	n/a	0%
Windshield repair	8%	7%	10%	8%	\$41.92†	2%†	0%
Tire sales	n/a	5%	8%	8%	n/a	*	0%
Gas sales	3%	4%	3%	4%	n/a	*	0%

### Most profitable add-on service

ATF exchange	53%	48%	49%	38%	20%
Air filter replacement	7%	6%	13%	15%	0%
Fuel injection cleaning	9%	5%	10%	13%	40%
Tire rotation/repair	5%	9%	8%	13%	20%
Additive sales	*	3%	2%	5%	0%
Radiator flush	4%	5%	9%	4%	0%
Belt replacement	3%	7%	7%	4%	0%
Differential service	*	3%	4%	4%	20%
Wiper blade replacement	5%	2%	6%	*	0%

### New services planned for next year:

Cabin air filter replacement	3%	8%	19%	23%	*
Power steering fluid flush	3%	6%	14%	20%	*
Glass treatment/repair	16%	14%	8%	16%	*
Carwash	4%	10%	14%	10%	*
Air conditioner service	8%	9%	9%	8%	*
Tire rotation/balance	38%	15%	8%	8%	*
Mechanical engine flush	*	7%	5%	4%	*
ATF exchanges	12%	4%	8%	3%	*
Coolant flush	*	6%	4%	3%	*

\* insufficient data to calculate

n/a - not asked

†figures obtained from response rate of less than 5%

per gallon from last year's total.

We polled lube operators, as we do every year, about their best-selling or 'house' motor oil. Pennzoil continues to hold the top spot as the 'house' oil used by the biggest percentage of fast lubes, followed by Valvoline, Castrol, Quaker State, Havoline, Mobil and Shell.

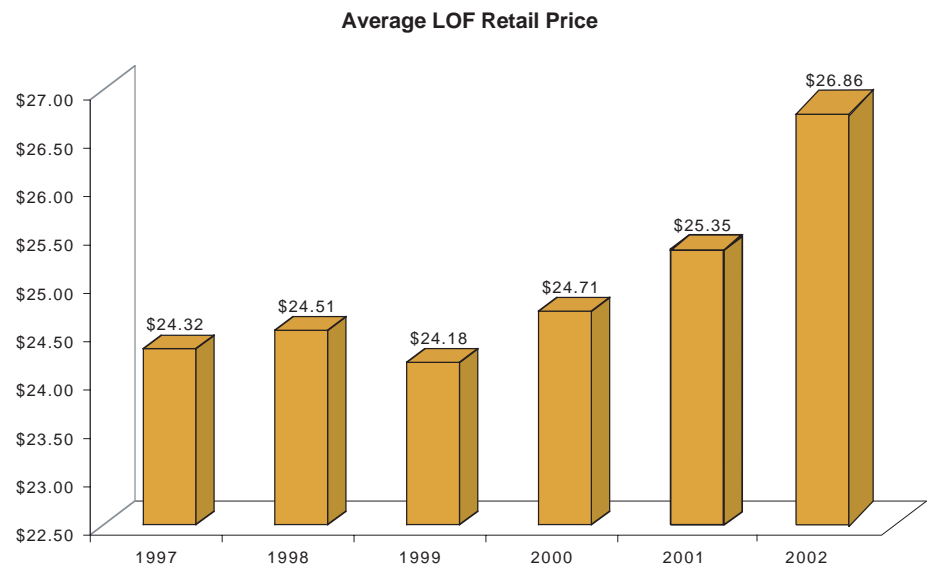
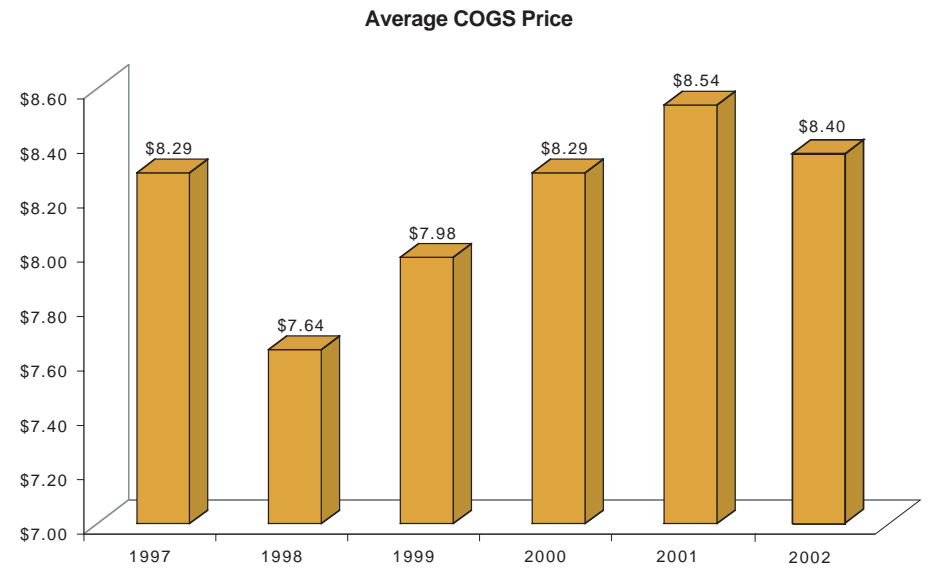
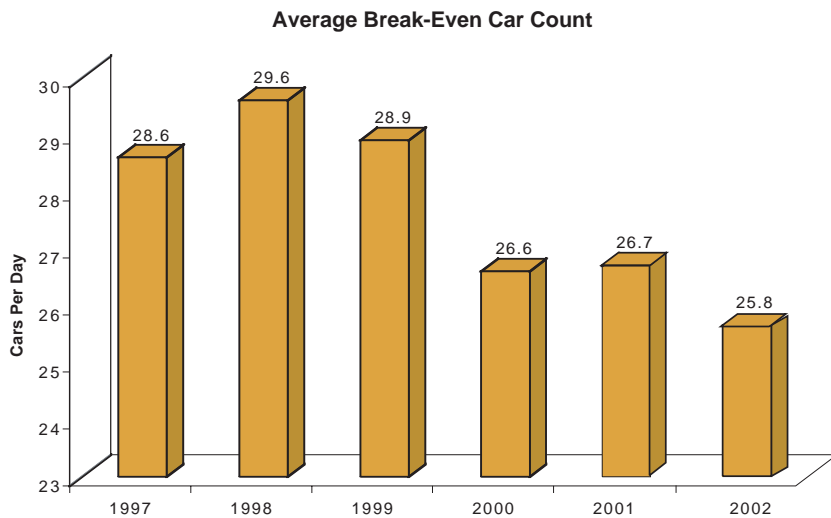
In the synthetic motor oil arena, Mobil continues to be the top seller among fast lubes, followed by Castrol, Pennzoil, Quaker State, Valvoline, Amsoil and Havoline.

### Services

One way successful fast lubes have stayed that way during the last few years is by transforming themselves from oil change facilities to one-stop automotive service providers. By adding to their service offerings, lube owners have not only withstood more competition, they have also learned to thrive.

Today, more than half of all lube operators offer services like tire rotation, synthetic transmission fluid sales, fuel filter replacement, fuel injector cleaning, light bulb replacement, mechanical coolant flushes, serpentine belt replacement and additive sales. Many of these services retail for more than \$50, and the profit margin on some of them is phenomenal.

In fact, add-on services are so popular today that more than one-quarter of lube operators reported offering services like tune-ups, power steering flushes, radiator/heater hose replacement, air conditioner recharge, battery maintenance/replacement and cabin air filter replacement. ♦



## Honda Accord Named Easiest Vehicle to Service

One of the new questions we asked in this year's Fast Lube Operators Survey was what specific type of vehicle on the road today is the easiest to service. Answers varied, as most every lube operator had his or her own opinion, but the one vehicle cited most often was the Honda Accord. Below are the other most commonly listed makes/models.

1. Honda Accord.
2. GM Pickups.
3. Honda Civic.
4. Toyota Camry.
5. Dodge/Plymouth Neon.
6. Ford F-Series Pickups.
7. Saturn vehicles.
8. Ford Taurus.
9. Subaru vehicles.