

2003 Mobile Lube Survey Results

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In the family of convenient auto care, mobile lubes and fixed oil change sites are a little like cousins. For the most part, people know that the two are somehow related but often don't know how or exactly what makes them different.

Each year National Oil & Lube News attempts to shine a little light on the mobile lube branch of the convenient car care family tree with its Mobile Lube Survey.

This is the fifth year that NOLN has conducted a survey of the mobile lube segment to determine what the 'average' mobile lube operation is doing in terms of advertising, operations, sales and more.

Although the survey is now in its fifth year and trends are easier to spot due to

the availability of comparative data from past surveys, we should point out that annual swings of plus- or minus-5 percent are not entirely uncommon with surveys of this type.

One of the major differences in mobile lubes and fixed sites is the type of customers and methods used for getting those customers.

"In this business you must find your customers, not the other way around," said Len Estevez, president of Lube N' Go Mobile Oil Change Company. "Marketing your business professionally by using telemarketers, informative brochures, flyers and visiting businesses face to face about your service is essential to becoming successful in this unique service business."

Although 40 percent of mobile lube operators list word of mouth as their best form of advertising, it is clear from the feedback we received from operators that there is a strong emphasis on marketing.

"We are planning to launch a comprehensive marketing blitz including telemarketing, broadcast FAX flyers, inserts in the *Daily Oklahoman* and door hangers," said Bob Davis, owner of Tour de Lube in Oklahoma City, Oklahoma.

"Additionally we will follow up qualified leads with personal sales calls. We've arranged to be part of a coupon book offering 50 percent discounts and press releases and articles in the local newspaper and a magazine will



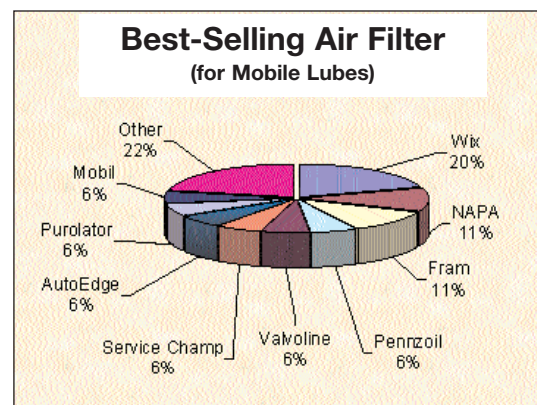
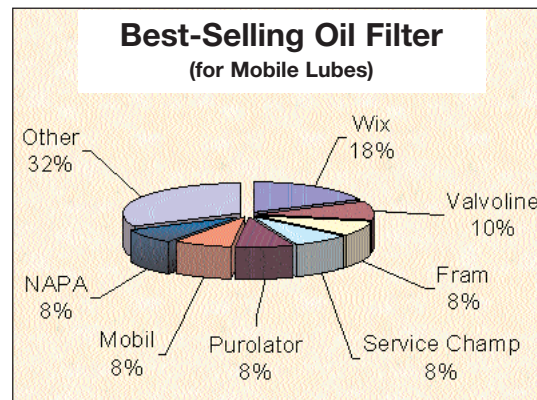
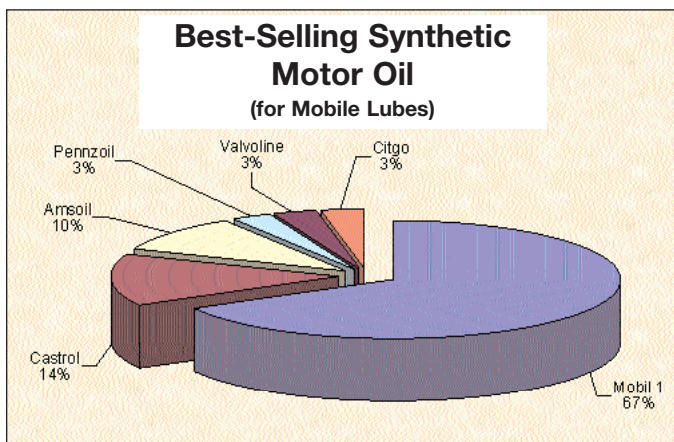
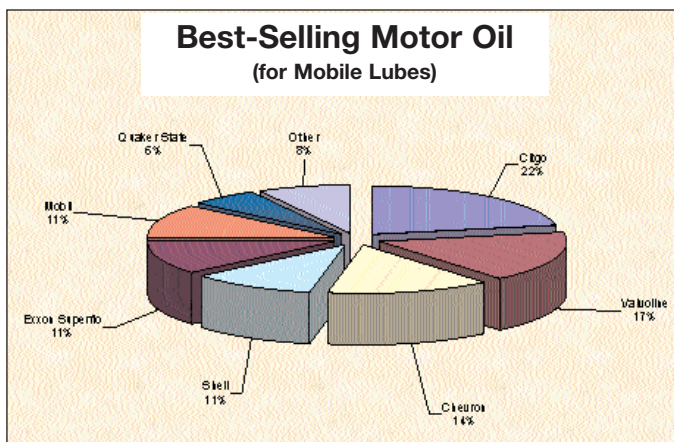
Bob Davis Mobile Lube. Mobile lube businesses like this one can typically earn up to 30 percent profits.

announce our new service offerings."

Not only is the emphasis on marketing at a different level than fixed lube sites, but to whom the services are marketed is also different.

Fixed lube sites report that only 11 percent of their business comes from fleets

See Mobile Lube Result Tables, pages 54, 56.



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while this year's mobile lube numbers indicate that 69 percent of their business comes from fleets.

"We have grown our customer base to include many of the city's leading corporations including Oklahoma Natural Gas, Blue Bell Creameries, Brinks Armored Car Service, Federal Express, Wells Fargo and Enterprise Rent-a-Car," Davis said. "We also maintain police, fire and ambulance units for several smaller cities as well as vending, courier and service companies."

Servicing fleets is a trend that many operators believe will only continue to grow.

"More businesses are down-sizing their personnel and are looking to contract out fleet services," said James Wood, owner of Fleet Care, Inc.

With many mobile lube operators concentrating on fleet business, there are those who believe that the door is open for servicing more consumers.

"I am doing a larger percentage of private party than fleet. Probably 70 percent of my business is such," said Rod Beydler, owner of Rod's Mobile Lube in Hesperia, California. "I service cars and

light trucks on a ramp trailer. It allows me to work just about anywhere — even parked on the side of the road. I do a lot of work at office complexes."

Twenty-three percent of mobile lube operators report that, like Beydler, they use a truck/trailer as their service vehicle. The most popular option for the type of service vehicle used, with 54 percent of respondents naming it, is a van.

As technology progresses, many mobile lube operators report offering more services than just the standard LOF

Valvoline Test Markets OnSite Services

Valvoline is test marketing the idea of onsite fleet maintenance services in the Lexington and Louisville, Kentucky markets.

Valvoline OnSite is a mobile fleet service catering to small- and medium-sized fleet owners, many of whom outsource their maintenance work.

According to published reports, the program arose as a result of a program called Future Quest, in which Valvoline employees submit, review and implement ideas for new profit sources. The company announced in March that it planned to increase its fleet service by 30 percent this year. The OnSite program will expand into the Cincinnati, Ohio area later this fall and, if successful, into other areas of the country after that.

The OnSite program provides oil changes, coolant exchanges and other fluid maintenance services from a mobile unit.

According to an article in the *Lexington Herald-Leader*, the new service strategy complements fleet business already provided by Valvoline Instant Oil Change (VIOC) locations, by including an online system that "allows owners to track a vehicle's service record and mileage and a vehicle-specific billing system that helps managers track service records, pinpoint recurring mechanical problems and prevent unauthorized purchases."

Company officials said that in the program's first 30 days, 43 local accounts were landed totaling 500 vehicles. ♦

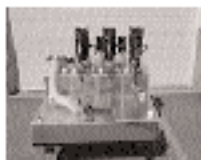
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that used to account for a large percentage of their business.

“New technology has introduced new services that can be performed onsite,” Estevez said. “For example, coolant flushes and transmission flushes can be performed on site and can be very profitable.”

Many mobile lube operators have a positive outlook on the future of the mobile lube segment and believe that it is one member of the convenient car care family that is likely to continue its growth.

“The rising cost of real estate is contributing to entrepreneurs seeking a less expensive opportunity to break into the quick lube business,” Estevez said. “As businesses and the general public become educated about this service and how it can save them both time and money, you’ll see more mobile lube operations across the country.” ♦

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Fifth Annual Mobile Lube Survey

October 2003

General

The fifth annual mobile lube survey questionnaire was mailed to more than 400 mobile lube operators across the country. Forty-five survey questionnaires were returned, accounting for 96 mobile lubes.

Operations

Mobile lubes that are independent	100%
Mobile lubes that are franchised.....	0%
Years in business.....	5.4 yrs
Average price of basic lube, oil and filter (LOF) for:	
car/light truck	\$29.96
medium truck	\$82.08
heavy truck	\$143.20
Average ticket total (for all vehicles)	\$75.34
Average cost of goods for LOF for:	
car/light truck	\$8.53
medium truck	\$29.00
heavy truck	\$50.25
Average number of cars serviced per day	11
Average number of vehicles per stop	6
Average miles between stops	14
Average vehicles serviced that are:	
cars/light trucks	60%
medium/heavy trucks	37%
other	3%
Break-even car count (per month)	85
Operating radius.....	74 miles
Other mobile lubes doing business in operating area	3
Fixed-site fast lubes located in operating radius	33
Percentage of customer base: Fleet	69%
Consumer	29%
Other	2%
Number of fleet accounts	42
Vehicles in average fleet	38
Average number of mobile lube vehicles operated	2
Average cost of mobile lube vehicle	\$27,095
Average cost of mobile lube equipment	\$5,605
Mobile lube part of a fixed site.....	14%
Cost of insuring each mobile lube vehicle	\$1,866
Employees used per mobile lube vehicle	1.3
Average hourly rate paid to lube techs	\$12.37
Average yearly salary earned by owner	\$40,600
Mobile lube operations that certify technicians	33%
Operators certify technicians through:	
AOCA	7%
Franchise	0%
In-house	57%
ASE	36%
Operators that service off-road equipment	55%
Operators that service generators	64%
Operators that service boats	27%
Type of vehicle used:	
Van	54%
Truck/trailer	23%
Bobtail truck	0%
Pickup truck	13%
Other	10%

Services

Services Offered in Addition to LOF:

Wiper Blade Replacement	91%
Air Filter Replacement	91%
Tire Rotation/Balancing	69%
Lightbulb Replacement	67%
ATF Fluid Exchange	64%
Radiator/Coolant	58%
Differential Service	53%
Brake Services	36%
Fuel Injection Cleaning	29%
Windshield Repair	24%

Sales

Average profit margin.....31%

Percent of operators reporting yearly sales in the following ranges:

\$0 - \$50,000	31%
\$50,000 - \$100,000	38%
100,000 - \$200,000	24%
\$200,000 - Up	7%

Percent of mobile lube operators who use following to find new customers:

Word of Mouth	78%
Cold Calling	56%
Vehicle Signage.....	51%
Direct Mail.....	22%
Door to Door.....	22%
Yellow Pages	18%

Advertising

Best forms of advertising:

Word of Mouth	40%
Vehicle signage	17%
Cold calling	11%
Sales Calls.....	11%
Phone Book/Yellow Pages	7%
Flyers	6%
Direct Mail	5%
Email/Internet.....	1%
Newspaper	1%
Television.....	0%

Oil & Equipment

Operators who offer synthetic oil	73%
Percentage of operators who use:	
Bulk oil	77%
Bottled oil	23%
Operators who offer LOF service on Class C trucks	66%
Average number of miles customers drive between oil changes (light vehicles only).....	4,040 miles