



2004
Fast Lube Operators Survey

National
OIL & LUBE NEWS

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General

The Fast Lube Operators Survey is much-requested by both newcomers to the fast lube industry and seasoned operators who use it to evaluate the success of their own operations. *National Oil & Lube News* also publishes regional breakdowns of this survey that compare data for fast lubes located in specific parts of the country with national averages.

Survey results for 2004 are presented to the right in two categories. The first of the two 2004 columns indicates results for companies operating "Less than 30 stores." The second indicates results for those companies operating "More than 30 stores." Results for 2000, 2001, 2002 and 2003 are for reference only and represent companies operating "Less than 30 stores."

The responses for 2004 account for 4,805 facilities and include fast lube stores operating in all 50 states.

Operations

Operations	2000	2001	2002	2003	2004	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Independent/company-owned facilities	85%	84%	87%	85%	83%	41%
Franchised facilities	15%	16%	13%	15%	17%	59%
Member of fast lube trade association	57%	59%	66%	55%	52%	100%
Years in the fast lube business	7.6	8.1	8.9	8.2	9.1	22
Number of facilities per response	2.1	2.0	1.9	1.8	2.0	445
Number of bays per facility	3.0	2.8	2.7	3.0	3.0	3.2
Fast lubes within three miles of respondent	2.4	2.4	2.5	2.4	2.4	1.8
Oil change facilities within three miles of respondent	6.4	5.4	6.3	5.5	5.5	3.9
Competitors discounting their oil changes	90%	83%	88%	81%	86%	100%
How much	\$4.81	\$4.94	\$4.88	\$4.75	\$5.10	\$4.40
Operators discounting their own oil changes	55%	62%	58%	67%	72%	96%
How much	\$3.39	\$3.59	\$3.31	\$3.51	\$3.86	\$4.60
Population within three-mile radius of best store	38,051	28,324	33,775	33,534	29,793	56,667
Daily traffic count in front of best store	n/a	n/a	n/a	21,755	21,484	21,667
Customer base that is female	n/a	51%	50%	50%	51%	51%
Number of stores operator will open in next 12 months	0.4	0.4	0.3	0.3	0.2	17.0
Price of standard, full service LOF/multipoint check	\$24.71	\$25.35	\$26.86	\$26.71	\$27.36	\$29.44
Cost of goods for standard, full service LOF	\$8.29	\$8.54	\$8.40	\$8.73	\$9.13	\$6.82
Time guarantee offered	13%	8%	10%	5%	16%	23%
Operators who offer basic, low-cost LOF service	n/a	n/a	37%	26%	32%	47%
Price, if offered	n/a	n/a	\$22.51	\$21.89	\$22.29	\$22.49
Operators who offer up-scale/premium LOF (specialty/high mileage motor oil)	n/a	n/a	n/a	n/a	89%	96%
Price, if offered	n/a	n/a	n/a	n/a	\$37.28	\$43.59
Operators who offer up-scale/premium LOF (synthetic motor oil)	n/a	n/a	n/a	n/a	95%	96%
Price, if offered	n/a	n/a	n/a	n/a	\$48.49	\$54.65
Operators increasing LOF price in the past 12 months	72%	66%	34%	51%	40%	60%
How much?	\$1.43	\$1.46	\$1.49	\$1.47	\$1.30	\$1.18
Ticket total	\$35.25	\$36.66	\$38.51	\$39.18	\$40.36	\$50.49
Number of cars serviced per day	40.6	41.4	40.3	37.6	37.0	36.7
State inspections per day (by facilities that offer)	n/a	n/a	n/a	n/a	17.1	*
Break-even car count	26.6	26.7	25.8	24.8	24.0	26.1
Percent of business that is repeat	69%	70%	72%	73%	72%	68%
Operators who own their building/land	n/a	n/a	n/a	73%	67%	42%
Operators who lease their building/land	n/a	n/a	n/a	27%	33%	58%
Building/land costs for most recent fast lube (if owned)	n/a	n/a	n/a	n/a	\$460,234	\$681,250
Cost for leasing building/land (per month)	n/a	n/a	n/a	\$3,600	\$3,944	\$6,580
Equipment costs for fast lube	n/a	n/a	\$55,822	\$43,166	\$42,253	\$71,750
Operators planning to sell their facilities next year	7%	8%	8%	6%	9%	0%
Mention 3,000-mile oil change intervals to customers	78%	81%	77%	89%	89%	44%
Miles customers drive between oil changes	4,397	4,409	4,317	4,372	4,227	4,777
Portion of overall sales made up of fleet accounts	n/a	11%	10%	11%	11%	8%
Average number of vehicles per fleet	n/a	n/a	6.5	7.6	7.7	9.0
Businesses that use mobile unit to service fleets	n/a	n/a	n/a	n/a	0.4%	*

* insufficient data to calculate n/a: question not asked

Employees

	2000	2001	2002	2003	2004	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Length of employment for managers	4.3 yrs	4.9 yrs	4.6 yrs	4.7 yrs	4.8 yrs	3.6 yrs
Length of employment for technicians	1.9 yrs	2.1 yrs	2.0 yrs	2.0 yrs	2.1 yrs	1.1 yrs
Hourly rate paid to lube techs	\$7.36	\$7.75	\$7.75	\$8.00	\$8.11	\$7.93
Annual salary paid to managers	\$31,000	\$32,416	\$32,519	\$32,850	\$33,640	\$36,444
Annual salary paid to owners (if full-time employee)	n/a	n/a	\$54,835	\$48,619	\$47,331	*
Average number of employees per store	n/a	n/a	n/a	n/a	5.8	8.0
Operators testing employees for drugs	27%	31%	27%	28%	38%	88%
Hours of formal training employees receive per year	27	27	23	30	29	54
Operations that perform background checks on employees	n/a	n/a	43%	50%	55%	93%
Operations that use surveillance cameras	n/a	n/a	22%	21%	30%	88%

Carwash

	2000	2001	2002	2003	2004	
	Less than 30 stores	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	26%	33%	26%	32%	30%	19%
Type of carwash:						
Full service	34%	31%	19%	34%	19%	*
Exterior tunnel	9%	21%	18%	28%	26%	*
In-bay automatic	46%	44%	49%	34%	48%	*
Self-service spray	11%	4%	14%	4%	8%	*
Percentage offering free carwash with lube service	51%	42%	34%	60%	52%	*
Operators planning to add a carwash to an existing fast lube	27%	22%	25%	17%	10%	0%
Type of carwash:						
Full service	15%	27%	13%	11%	14%	*
Exterior tunnel	24%	31%	34%	63%	46%	*
In-bay automatic	57%	38%	50%	23%	34%	*
Self-service spray	4%	3%	3%	3%	5%	*
Operators offering detail work	12%	10%	10%	10%	12%	0%
Impulse/vending item sales	30%	24%	24%	24%	22%	47%
Monthly gross income from impulse/vending items	\$839.00	\$455.25	\$360.28	\$403.11	\$577.64	\$403.12

Profitable/New Services

	2000	2001	2002	2003	2004	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Most profitable add-on service:						
ATF exchange	48%	49%	38%	37%	43%	22%
Air filter replacement	6%	13%	15%	17%	13%	0%
Radiator flush	5%	9%	4%	11%	12%	0%
Tire rotation/repair	9%	8%	13%	13%	11%	10%
Fuel injection cleaning	5%	10%	13%	10%	9%	57%
Additive sales	3%	2%	5%	3%	5%	0%
Belt replacement	7%	7%	4%	5%	3%	0%
Differential service	3%	4%	4%	2%	3%	11%
Wiper blade replacement	2%	6%	*	2%	2%	0%
New services planned for next year:						
Cabin air filter replacement	8%	19%	23%	30%	23%	0%
Power steering fluid flush	6%	14%	20%	18%	21%	45%
Air conditioner service	9%	9%	8%	7%	16%	0%
Glass treatment/repair	14%	8%	16%	24%	15%	45%
Tire rotation/balance	15%	8%	8%	10%	14%	0%
Coolant flush	6%	4%	3%	3%	4%	0%
Carwash	10%	14%	10%	3%	2%	1%
Mechanical engine flush	7%	5%	4%	2%	2%	0%
ATF exchanges	4%	8%	3%	2%	2%	9%

* insufficient data to calculate n/a: question not asked

Insurance

	2000	2001	2002	2003	2004	
	Less than 30 stores	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	\$3.96	\$3.98	\$4.44	\$4.30	\$5.04	\$7.17
Per-store amount of Workers' Comp claims: Less than \$1,000	n/a	n/a	n/a	94%	90%	43%
More than \$1,000	n/a	n/a	n/a	6%	10%	57%
Annual cost of insuring a fast lube facility	\$4,361	\$4,186	\$5,497	\$5,957	\$5,122	\$2,304
Amount of per-store warranty work performed during preceding 12 months	n/a	n/a	\$1,649	\$1,350	\$1,287	\$1,602

Keys to Success

	2000	2001	2002	2003	2004	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Factors that will determine future success of fast lube industry:						
Customer service	25%	49%	54%	55%	65%	67%
Quality employees	21%	23%	21%	18%	20%	22%
Car counts	9%	12%	8%	12%	8%	11%
Competition	12%	4%	4%	5%	3%	0%
Cost of goods	11%	8%	8%	7%	2%	0%
Extended oil change intervals	8%	4%	5%	3%	2%	0%

Advertising

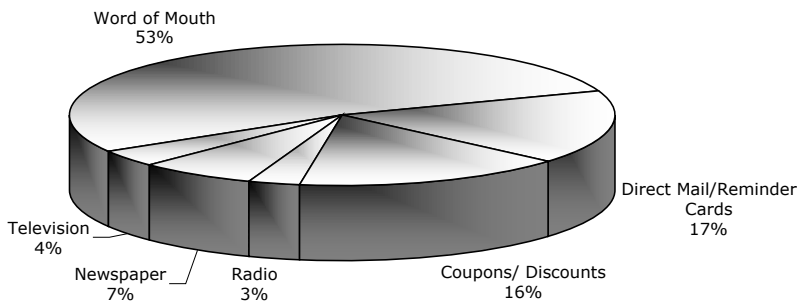
	2000	2001	2002	2003	2004	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Percentage of sales designated for advertising/promotion	5%	6%	4%	4%	5%	4%
Percentage of that figure that is co-op	24%	29%	19%	22%	21%	1%
Operators who send reminder cards to customers	73%	58%	63%	50%	51%	70%
Operators offering discounted reminder cards	72%	78%	73%	75%	81%	100%
Response rate	n/a	n/a	35%	38%	31%	24%

Other than advertising and coupons, operators' most successful promotions:

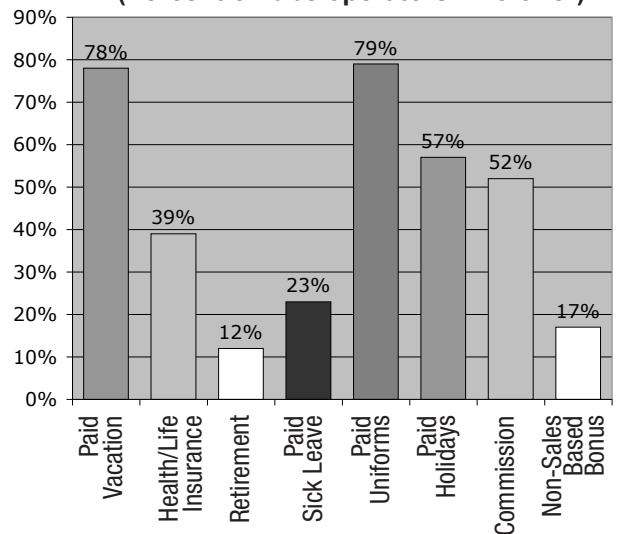
Signage	30%	25%
Community involvement	21%	38%
Carwash	19%	0%
Promotional discounts	17%	37%
Ladies day	9%	0%
Radio remote	4%	0%

n/a: question not asked

Best Forms of Advertising for Fast Lubes (LT30)



Employee Benefits (LT30) (Percent of lube operators who offer)



Sales

2000 2001 2002 2003 2004

Less than 30 stores Less than 30 stores Less than 30 stores Less than 30 stores Less than 30 stores More than 30 stores

Yearly sales per store:

\$0-200,000	9%	10%	10%	15%	15%	0%
\$200-400,000	31%	26%	42%	37%	32%	0%
\$400-600,000	38%	32%	27%	24%	27%	44%
\$600-800,000	22%	31%	9%	14%	16%	56%
\$800-up	n/a	n/a	12%	11%	10%	0%

Portion of gross sales used for: Payroll ¹	28.8%	27.7%	28.3%	27.4%	26.4%	29.3%
Lease/Mortgage	13.8%	11.1%	12.5%	13.0%	11.5%	9.4%
COGS ²	27.0%	27.5%	28.9%	28.8%	28.7%	23.9%
Net Profit	13.2%	13.1%	11.8%	11.7%	12.7%	10.6%
Operations ³	12.5%	16.3%	15.6%	15.6%	15.9%	18.0%
Other ⁴	4.7%	4.3%	2.9%	3.5%	4.8%	8.8%

¹ Includes all payroll (taxes included), salary of owner (if "hands-on" employee), unemployment taxes, workers' compensation, health insurance, bonuses, etc.
² Includes materials and supplies necessary to perform services.
³ Includes utilities, maintenance, company insurance, advertising, franchise fees, uniforms, freight, postage, administrative costs, office supplies, non-income taxes, training, company vehicle, etc. used to operate business on a day-to-day basis.
⁴ Dues, subscriptions, warranties, travel/entertainment, etc.

Oil & Equipment

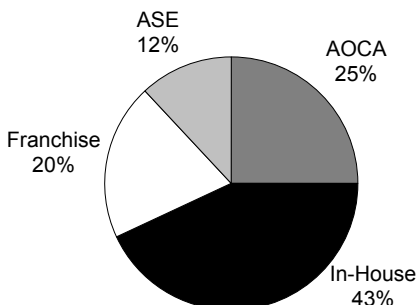
2000 2001 2002 2003 2004

Less than 30 stores 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	81%	81%	81%	81%	81%	86%
Customers committed to a specific brand of motor oil	56%	46%	45%	42%	68%	5%
Operations that implement used oil for heating purposes	23%	28%	29%	24%	21%	21%
Facilities equipped with lifts	26%	28%	28%	33%	28%	9%
Facilities equipped with pits	94%	91%	94%	93%	94%	100%
Percentage of pits equipped with safety covers	65%	70%	72%	73%	71%	77%
Facilities using evacuation systems for oil changes	9%	12%	6%	9%	10%	1%
Facilities using a filter crusher	44%	52%	46%	45%	47%	76%
Operations that have had gov't tank inspections	39%	39%	34%	39%	49%	81%
Type(s) of tank(s) used: Underground	15%	11%	12%	15%	18%	0%
Aboveground	85%	89%	88%	85%	82%	100%
Responses from states that have environmental motor oil tax	46%	41%	37%	34%	36%	72%
Operations that use scrap metal haulers	28%	29%	27%	26%	23%	37%
Operations that accept used oil from DIYers	72%	71%	75%	76%	82%	100%
Operations that accept used oil filters from DIYers	45%	52%	52%	54%	59%	86%
Operations that charge fee for accepting DIY used oil/oil filters	8%	4%	7%	8%	9%	0%
Operations being paid for their used oil	45%	57%	65%	65%	74%	77%
Amount per gallon	n/a	\$0.12	\$0.12	\$0.13	\$0.21	\$0.24
Operations that invoice customers for environmental fees	45%	44%	42%	48%	38%	35%
Average amount	\$1.19	\$1.32	\$1.30	\$1.51	\$1.44	\$1.62
Per-gallon cost of highest volume bulk oil	\$3.78	\$4.20	\$4.13	\$4.48	\$4.66	\$3.59
Operators recycling antifreeze	49%	60%	56%	61%	73%	98%
Customers that buy synthetic lubricants	6%	7%	7%	7%	7%	8%
Percentage of business that is oil change	84%	79%	76%	75%	75%	71%

n/a: question not asked

The 54% of Fast Lube Operations that Certify Technicians Do So Through (LT30):



Services

2000

2001

2002

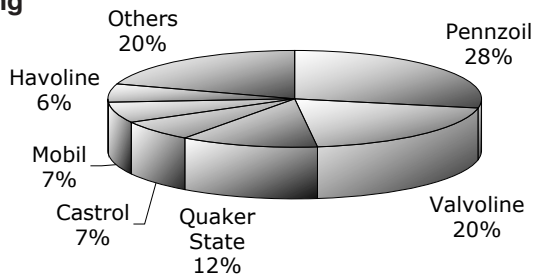
2003

2004

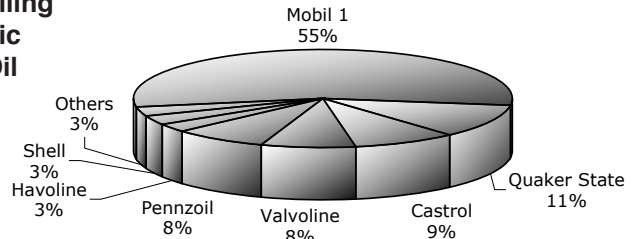
Percentage of survey respondents offering following services	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Avg. Price of Service	% of Customers who Purchase	More than 30 stores
Air filter replacement	n/a	100%	100%	99%	100%	\$13.43	24%	100%
Windshield wipers/blades replacement	96%	97%	99%	99%	99%	\$16.19	13%	100%
Oil monitoring device reset	84%	88%	94%	96%	98%	n/a	n/a	81%
Differential service	97%	96%	96%	95%	97%	\$27.14	6%	100%
Serpentine belt replacement	79%	87%	80%	84%	93%	\$52.86	5%	100%
Mechanical ATF exchange	78%	91%	86%	85%	91%	\$81.47	8%	100%
Breather replacement	94%	93%	90%	85%	89%	\$5.99	3%	99%
Additive sales	89%	84%	89%	83%	87%	\$12.46	8%	100%
Fuel injector cleaning	65%	75%	70%	74%	87%	\$52.31	6%	100%
Mechanical full-block coolant flushes	73%	81%	79%	81%	85%	\$56.69	7%	99%
PCV replacement	85%	88%	84%	82%	84%	\$6.68	4%	99%
Cabin air filter replacement	39%	44%	42%	70%	80%	\$32.60	5%	98%
Chemical engine flush	62%	62%	68%	68%	75%	\$16.87	6%	93%
Fuel filter replacement	58%	66%	63%	72%	75%	\$33.69	7%	80%
Light replacement	66%	79%	72%	75%	75%	n/a	5%	96%
Clean windshields	69%	81%	79%	76%	73%	n/a	n/a	80%
Oil changes on RVs	74%	75%	75%	76%	70%	\$39.24	n/a	100%
Transmission filter replacement	75%	80%	77%	68%	65%	\$65.61	5%	79%
Manual transmission service	95%	75%	70%	63%	63%	\$67.95	5%	80%
Synthetic transmission fluid sales	46%	63%	59%	62%	59%	\$7.01	4%	41%
Tire rotation	49%	59%	53%	58%	57%	\$15.91	10%	99%
Vacuum customers' cars	51%	56%	61%	55%	57%	n/a	n/a	74%
Maintain/replace batteries	40%	41%	36%	45%	50%	n/a	3%	79%
Power steering flushes	18%	30%	26%	33%	43%	\$53.20	3%	34%
Water-repellent glass treatments	42%	45%	34%	32%	41%	\$10.48	3%**	68%
Manual drain and refill of radiators	69%	36%	36%	32%	35%	\$38.85	4%	30%
Air conditioner recharge	29%	39%	32%	35%	34%	\$67.24	4%**	98%
Radiator, heater, air conditioner hose replacement	n/a	26%	28%	37%	31%	n/a	3%	64%
Minor mechanical repairs	25%	27%	31%	36%	30%	\$114.00**	6%	7%
Tune-ups	23%	22%	25%	27%	26%	\$90.75	4%**	7%
Brake service	19%	21%	20%	24%	21%	*	*	7%
Perform oil changes on commercial vehicles	n/a	n/a	n/a	22%	19%	\$81.56**	*	10%
Wheel balancing	19%	19%	17%	20%	14%	*	*	11%
Shock & strut replacement	15%	16%	14%	20%	13%	*	*	7%
Smog checks/emission testing	9%	10%	13%	12%	13%	*	*	71%
Air conditioner repair	13%	15%	16%	16%	12%	*	*	7%
Oil changes on boats	8%	14%	15%	10%	11%	\$34.02**	n/a	4%
Mechanized engine cleaning system	10%	12%	15%	17%	11%	*	*	64%
Windshield repair	7%	10%	8%	14%	10%	\$46.99**	7%**	33%
Oil changes on motorcycles	8%	10%	12%	7%	9%	\$28.36**	n/a	7%
Tire sales	5%	8%	8%	12%	8%	n/a	*	4%
Gas sales	4%	3%	4%	3%	3%	*	*	4%

* insufficient data to calculate **calculated from sampling rate of less than 10% n/a: question not asked

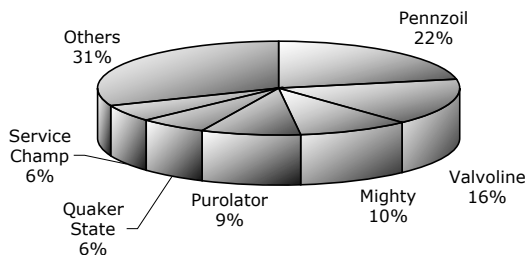
Best Selling Motor Oil in Fast Lubes (LT30)



Best Selling Synthetic Motor Oil in Fast Lubes (LT30)



Best Selling Oil Filter in Fast Lubes (LT30)



Best Selling Air Filter in Fast Lubes (LT30)

