



National OIL & LUBE NEWS

2005 Fast Lube Operators Survey

General Information

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 2005 are presented to the right in two categories. The first 2005 column indicates results for companies operating "Less than 30 stores." The second indicates results for those companies operating "More than 30 stores." Results for 2001, 2002, 2003 and 2004 are for reference only and represent companies operating "Less than 30 stores."

The responses for 2005 account for 4,469 facilities and include fast lube stores operating in all 50 states.



Operations

	2001	2002	2003	2004	2005	
	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	84%	87%	85%	83%	85%	59%
Franchised facilities	16%	13%	15%	17%	15%	41%
Member of fast lube trade association	59%	66%	55%	52%	58%	43%
Years in the fast lube business	8.1	8.9	8.2	9.1	9.0	20.0
Number of facilities per response	2.0	1.9	1.8	2.0	1.7	392
Number of bays per facility	2.8	2.7	3.0	3.0	3.0	3.0
Number of stores operator will open in next 12 months	0.4	0.3	0.3	0.2	0.2	16
Cost of goods for standard, full-service LOF	\$8.54	\$8.40	\$8.73	\$9.13	\$9.86	\$7.49
Operations offering time guarantee	8%	10%	5%	16%	19%	21%
Average ticket total	\$36.66	\$38.51	\$39.18	\$40.36	\$42.59	\$54.24
Number of cars serviced per day	41.4	40.3	37.6	37.0	35.7	37.0
State inspections per day (by facilities that offer)	n/a	n/a	n/a	17.1	10.7	26.0
Break-even car count	26.7	25.8	24.8	24.0	24.1	27.0
Operators who own their building/land	n/a	n/a	73%	67%	72%	0%
Operators who lease their building/land	n/a	n/a	27%	33%	25%	44%
Operators who both own and lease their buildings/land	n/a	n/a	n/a	n/a	3%	56%
Building/land costs for most recent fast lube (if owned)	n/a	n/a	n/a	\$460,234	\$477,796	\$550,000
Cost for leasing building/land (per month)	n/a	n/a	\$3,600	\$3,944	\$4,240	\$6,100
Equipment costs for fast lube	n/a	\$55,822	\$43,166	\$42,253	\$53,088	\$64,500
Operators planning to sell their facilities next year	8%	8%	6%	9%	10%	0%
Operators who have customers: Wait inside car	n/a	n/a	n/a	n/a	16%	23%
Waiting room	n/a	n/a	n/a	n/a	73%	77%
Either	n/a	n/a	n/a	n/a	11%	0%
Operators who have technicians drive vehicle into bay	n/a	n/a	n/a	n/a	51%	81%
Operators who have customers drive vehicle into bay	n/a	n/a	n/a	n/a	49%	19%

n/a: question not asked

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Prices

	2001	2002	2003	2004	2005	
	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>More than 30 stores</u>
Price of standard, full-service LOF/multipoint check	\$25.35	\$26.86	\$26.71	\$27.36	\$28.16	\$30.17
Operators who offer basic, low-cost LOF service	n/a	37%	26%	32%	29%	0%
<i>Price, if offered</i>	n/a	\$22.51	\$21.89	\$22.29	\$23.23	*
Operators who offer premium LOF (w/ specialty/high mileage motor oil)		n/a	n/a	89%	88%	100%
<i>Price, if offered</i>	n/a	n/a	n/a	\$37.28	\$38.46	\$43.74
Operators who offer premium LOF (w/ synthetic motor oil)	n/a	n/a	n/a	95%	95%	100%
<i>Price, if offered</i>	n/a	n/a	n/a	\$48.49	\$50.48	\$54.52
Operators increasing LOF price in the past 12 months	66%	34%	51%	40%	52%	94%
<i>Amount of increase</i>	\$1.46	\$1.49	\$1.47	\$1.30	\$1.62	\$1.61
Competitors discounting their oil changes	83%	88%	81%	86%	87%	100%
<i>Amount of discount</i>	\$4.94	\$4.88	\$4.75	\$5.10	\$4.75	\$5.42
Operators discounting their own oil changes	62%	58%	67%	72%	65%	96%
<i>Amount of discount</i>	\$3.59	\$3.31	\$3.51	\$3.86	\$3.70	\$4.63



Demographics

	2001	2002	2003	2004	2005	
	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>More than 30 stores</u>
Fast lubes within three miles of respondent	2.4	2.5	2.4	2.4	2.3	2.2
Oil change facilities within three miles of respondent	5.4	6.3	5.5	5.5	5.1	2.5
Population within three-mile radius of best store	28,324	33,775	33,534	29,793	25,750	59,333
Daily traffic count in front of best store	n/a	n/a	21,755	21,484	24,136	33,333
Customer base that is female	51%	50%	50%	51%	51%	52%
Percent of business that is repeat	70%	72%	73%	72%	73%	68%
Mention 3,000-mile oil change intervals to customers	81%	77%	89%	89%	82%	90%
Miles customers drive between oil changes	4,409	4,317	4,372	4,227	4,253	4,875
Portion of overall sales made up of fleet accounts	11%	10%	11%	11%	10%	8%
<i>Average number of vehicles per fleet</i>	n/a	6.5	7.6	7.7	9.0	8.7
Operators who mystery shop their own stores	n/a	n/a	n/a	n/a	40%	90%
Operators who mystery shop their competition	n/a	n/a	n/a	n/a	35%	40%



Keys to Success

	2001	2002	2003	2004	2005	
	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>Less than 30 stores</u>	<u>More than 30 stores</u>
Factors that will determine future success of fast lube industry:						
Customer service	49%	54%	55%	65%	63%	64%
Quality employees	23%	21%	18%	20%	17%	18%
Car counts	12%	8%	12%	8%	10%	18%
Extended oil change intervals	4%	5%	3%	2%	4%	0%
Competition	4%	4%	5%	3%	3%	0%
Cost of goods	8%	8%	7%	2%	3%	0%



Carwash

	2001	2002	2003	2004	2005	
					Less than 30 stores	More than 30 stores
Percentage of lube operations offering on-site carwashes	33%	26%	32%	30%	29%	*
Percentage offering free carwash with lube service	42%	34%	60%	52%	53%	*
Operators planning to add a carwash (to an existing fast lube)	22%	25%	17%	10%	13%	*
Operators offering detail work	10%	10%	10%	12%	12%	*
Operators offering impulse/vending items	24%	24%	24%	22%	23%	*
Monthly gross income from impulse/vending items	\$455.25	\$360.28	\$403.11	\$577.64	\$887.16	*



Insurance

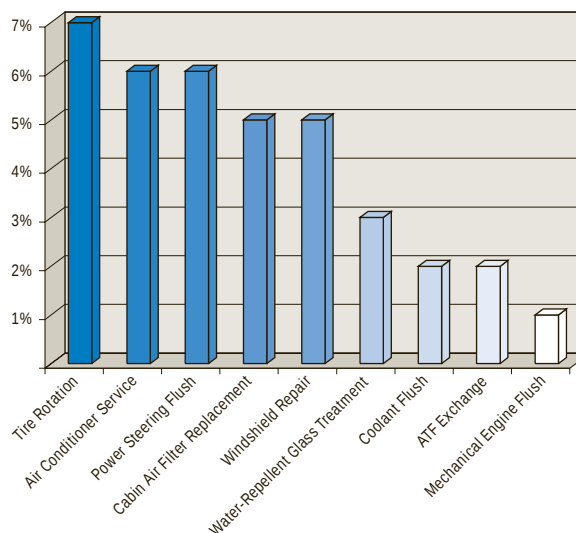
	2001	2002	2003	2004	2005	
					Less than 30 stores	More than 30 stores
Workers Comp rate (per \$100 of payroll) for techs	\$3.98	\$4.44	\$4.30	\$5.04	\$4.51	\$6.28
Per-store amount of Workers Comp claims	n/a	n/a	n/a	n/a	\$147	\$656
Annual cost of insuring a fast lube facility	\$4,186	\$5,497	\$5,957	\$5,122	\$5,527	\$2,176
Average amount of per-store warranty work performed during preceding 12 months	n/a	\$1,649	\$1,350	\$1,287	\$1,106	\$2,761



Profitable/New Services

	2001	2002	2003	2004	2005	
					Less than 30 stores	More than 30 stores
Most profitable add-on service:						
ATF exchange	49%	38%	37%	43%	45%	*
Fuel injection cleaning	10%	13%	10%	9%	14%	*
Air filter replacement	13%	15%	17%	13%	12%	*
Radiator flush	9%	4%	11%	12%	10%	*
Tire rotation	8%	13%	13%	11%	7%	*
Differential service	4%	4%	2%	3%	5%	*
Belt replacement	7%	4%	5%	3%	3%	*
Additive sales	2%	5%	3%	5%	2%	*
Wiper blade replacement	6%	*	2%	2%	2%	*

Percent of Lube Operators (LT30) Planning to Add the Following Services in the Next 12 Months



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

Employees

	2001	2002	2003	2004	2005	
	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	4.9 yrs	4.6 yrs	4.7 yrs	4.8 yrs	4.9 yrs	4.1 yrs
Length of employment for technicians	2.1 yrs	2.0 yrs	2.0 yrs	2.1 yrs	2.2 yrs	1.5 yrs
Hourly rate paid to lube techs	\$7.75	\$7.75	\$8.00	\$8.11	\$8.32	\$7.94
Annual salary paid to managers	\$32,416	\$32,519	\$32,850	\$33,640	\$35,256	\$39,066
Annual salary paid to owners (if full-time employee)	n/a	\$54,835	\$48,619	\$47,331	\$48,653	*
Average number of employees per store	n/a	n/a	n/a	5.8	5.9	7.9
Operators testing employees for drugs	31%	27%	28%	38%	34%	80%
Hours of formal training employees receive per year	27	23	30	29	24	45
Operations that perform background checks on employees	n/a	43%	50%	55%	53%	95%
Operations that use surveillance cameras	n/a	22%	21%	30%	34%	60%

Sales

	2001	2002	2003	2004	2005	
	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:	\$485,672**	\$496,624**	\$471,413**	\$477,862**	\$467,452	\$585,882
Portion of gross sales used for: Payroll ¹	27.7%	28.3%	27.4%	26.4%	27.6%	30.6%
Lease/Mortgage	11.1%	12.5%	13.0%	11.5%	12.3%	12.2%
COGS ²	27.5%	28.9%	28.8%	28.7%	29.5%	24.5%
Net Profit	13.1%	11.8%	11.7%	12.7%	10.9%	14.0%
Operations ³	16.3%	15.6%	15.6%	15.9%	16.1%	13.8%
Other ⁴	4.3%	2.9%	3.5%	4.8%	3.6%	4.9%

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.

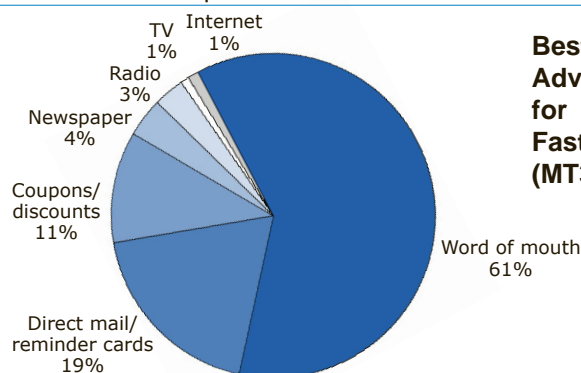
³ Includes utilities, maintenance, company insurance, advertising, franchise fees, uniforms, freight, postage, administrative costs, office supplies, non-income taxes, training, company vehicle, etc. used to operate business on a day-to-day basis.

⁴ Dues, subscriptions, warranties, travel/entertainment, etc.

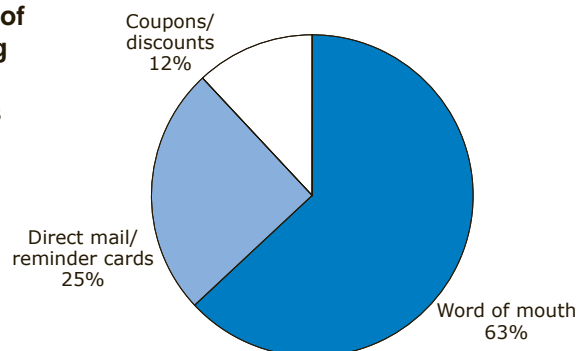
Advertising

	2001	2002	2003	2004	2005	
	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	6%	4%	4%	5%	4%	4%
<i>Percentage that is co-op</i>	29%	19%	22%	21%	18%	1%
Operators who send reminder cards to customers	58%	63%	50%	51%	51%	67%
Operators offering discounted reminder cards	78%	73%	75%	81%	76%	98%
<i>Response rate</i>	n/a	35%	38%	31%	33%	14%
Percentage of customers who use coupons	n/a	n/a	n/a	n/a	16%	19%

Best Form of Advertising for Fast Lubes (LT30)



Best Form of Advertising for Fast Lubes (MT30)



* insufficient data to calculate

** calculated

n/a: question not asked

Services Offered

	2001	2002	2003	2004	2005			
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
Additive sales	84%	89%	83%	87%	85%	\$11.71	10%	90%
Air conditioner recharge	39%	32%	35%	34%	46%	*	*	60%
Air conditioner repair	15%	16%	16%	12%	13%	*	6%	20%
Air filter replacement	100%	100%	99%	100%	99%	\$13.85	28%	100%
Brake service	21%	20%	24%	21%	26%	*	*	30%
Breather replacement	93%	90%	85%	89%	80%	\$6.98	6%	90%
Cabin air filter replacement	44%	42%	70%	80%	86%	\$31.05	4%	100%
Chemical engine flush	62%	68%	68%	75%	76%	\$22.92	7%	60%
Clean windshields	81%	79%	76%	73%	73%	n/a	n/a	78%
Differential service	96%	96%	95%	97%	95%	\$34.50	8%	100%
Fuel filter replacement	66%	63%	72%	75%	77%	\$35.41	6%	90%
Fuel injector cleaning	75%	70%	74%	87%	82%	\$58.00	7%	100%
Gas sales	3%	4%	3%	3%	2%	n/a	n/a	0%
Light replacement	79%	72%	75%	75%	80%	n/a	5%	60%
Maintain/replace batteries	41%	36%	45%	50%	49%	n/a	5%	40%
Manual drain and refill of radiators	36%	36%	32%	35%	31%	\$42.29	2%	30%
Mechanical ATF exchange	91%	86%	85%	91%	89%	\$84.63	9%	90%
Mechanical full-block coolant flushes	81%	79%	81%	85%	86%	\$61.24	6%	90%
Mechanized engine cleaning system	12%	15%	17%	11%	14%	*	*	20%
Minor mechanical repairs	27%	31%	36%	30%	31%	\$77.72	5%	20%
Nitrogen-based tire inflation	n/a	n/a	n/a	n/a	1%	*	*	20%
Oil changes on boats	14%	15%	10%	11%	6%	\$47.65	n/a	10%
Oil changes on commercial vehicles	n/a	n/a	22%	19%	19%	\$108.06	n/a	20%
Oil changes on motorcycles	10%	12%	7%	9%	10%	\$35.26	n/a	30%
Oil changes on RVs	75%	75%	76%	70%	71%	\$42.77	n/a	70%
Oil monitoring device reset	88%	94%	96%	98%	95%	n/a	n/a	80%
PCV replacement	88%	84%	82%	84%	77%	\$7.10	7%	90%
Power steering flushes	30%	26%	33%	43%	49%	\$52.71	5%	70%
Radiator, heater, A/C hose replacement	26%	28%	37%	31%	29%	n/a	6%	20%
Repair rock chips in windshields	n/a	n/a	n/a	n/a	16%	\$41.55	6%	30%
Serpentine belt replacement	87%	80%	84%	93%	89%	\$55.37	9%	100%
Shock and strut replacement	16%	14%	20%	13%	18%	*	*	20%
Smog checks/emission testing	10%	13%	12%	13%	11%	*	*	56%
Synthetic transmission fluid sales	63%	59%	62%	59%	51%	\$24.51	8%	60%
Tire rotation	59%	53%	58%	57%	57%	\$16.00	17%	70%
Tire sales	8%	8%	12%	8%	11%	n/a	*	0%
Transmission filter replacement	80%	77%	68%	65%	61%	\$67.39	4%	40%
Transmission service (drain & refill manually)	75%	70%	63%	63%	58%	\$68.84	4%	60%
Tune-ups	22%	25%	27%	26%	22%	\$111.94	9%	20%
Vacuum customers cars	56%	61%	55%	57%	62%	n/a	n/a	40%
Water-repellent glass treatments	45%	34%	32%	41%	32%	\$10.02	7%	40%
Wheel balancing	19%	17%	20%	14%	18%	*	*	30%
Windshield wiper/blade replacement	97%	99%	99%	99%	99%	\$16.46	19%	100%

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



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