



National OIL & LUBE NEWS

2005 REGIONAL BREAKDOWN of the 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. In order to provide the most pertinent data possible, *National Oil & Lube News* annually publishes a breakdown of this survey by region.

Results are for those companies operating less than 30 facilities. The Northeast region is comprised of the states of Connecticut, Delaware, Maine, Maryland, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. The Southeast region includes the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. The Midwest region includes the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Southwest includes the states of Arizona, New Mexico, Oklahoma and Texas. The Mountain region includes the states of Colorado, Idaho, Montana, Nevada, Wyoming and Utah. Finally, the West Coast region includes the states of Alaska, California, Hawaii, Oregon and Washington.

Operations	NAT'L	NE	SE	MW	SW	MT	WC
Years in the fast lube business	9.0	12.1	8.0	9.4	7.5	8.0	10.1
Number of facilities per response	1.7	1.3	1.7	1.7	2.0	1.4	1.8
Number of bays per facility	3.0	2.9	3.0	2.6	3.6	2.3	3.4
Number of stores operator will open in next 12 months	0.2	0.3	0.2	0.1	0.1	0.1	0.2
Cost of goods for standard, full-service LOF	\$9.86	\$9.12	\$10.11	\$9.55	\$10.30	\$10.77	\$9.40
Operations offering time guarantee	19%	9%	29%	7%	19%	28%	23%
Average ticket total	\$42.59	\$45.45	\$41.66	\$37.71	\$43.88	\$45.68	\$50.10
Number of cars serviced per day	35.7	41.5	37.0	35.1	33.6	30.2	35.8
Break-even car count	24.1	23.9	24.8	24.1	24.1	21.9	24.1
Operators who own their building/land	72%	55%	80%	64%	76%	70%	28%
Operators who lease their building/land	25%	45.2	14%	21%	12%	30%	38%
Operators who both own and lease their buildings/land	3%	0%	6%	16%	12%	0%	34%
Building/land costs for most recent fast lube (if owned)							
	\$477,796	\$410,000	\$498,364	\$383,460	\$540,834	\$477,917	\$654,091
Cost for leasing building/land (per month)	\$4,240	\$3,655	\$4,428	\$3,556	\$3,988	\$3,988	\$5,204
Equipment costs for fast lube	\$53,088	\$54,429	\$47,987	\$52,646	\$46,950	\$46,950	68,048
Operators planning to sell their facilities next year	10%	12%	4%	6%	15%	18%	14%
Operators offering detail work	12%	16%	9%	8%	16%	10%	15%



Prices

	NAT'L	NE	SE	MW	SW	MT	WC
Price of standard, full-service LOF/multipoint check	\$28.16	\$28.72	\$27.25	\$27.38	\$28.62	\$30.41	\$29.38
Operators who offer basic, low-cost LOF service	29%	30%	34%	29%	28%	43%	16%
<i>Price, if offered</i>	\$23.23	\$23.76	\$22.44	\$23.06	\$22.78	\$24.23	\$25.63
Operators who offer premium LOF (w/ specialty/high mileage motor oil)	88%	74%	93%	90%	91%	87%	81%
<i>Price, if offered</i>	\$38.46	\$40.51	\$36.26	\$37.63	\$39.12	\$40.42	\$42.46
Operators who offer premium LOF (w/ synthetic motor oil)	95%	84%	99%	96%	94%	83%	96%
<i>Price, if offered</i>	\$50.48	\$50.64	\$49.03	\$48.61	\$51.61	\$54.34	\$54.08
Operators increasing LOF price in the past 12 months	52%	65%	60%	54%	36%	73%	45%
<i>Amount of increase</i>	\$1.62	\$1.61	\$1.63	\$1.52	\$1.65	\$1.63	\$1.86
Competitors discounting their oil changes	87%	92%	84%	86%	83%	9%	91%
<i>Amount of discount</i>	\$4.75	\$4.43	\$4.47	\$5.14	\$4.45	\$4.13	\$5.63
Operators discounting their own oil changes	65%	58%	52%	80%	54%	79%	81%
<i>Amount of discount</i>	\$3.70	\$3.37	\$3.53	\$3.86	\$3.63	\$3.43	\$4.08



Demographics

	NAT'L	NE	SE	MW	SW	MT	WC
Fast lubes within three miles of respondent	2.3	1.8	2.1	1.9	2.8	2.3	3.0
Oil change facilities within three miles of respondent	5.1	6.4	5.0	4.6	4.1	6.0	7.2
Population within three-mile radius of best store	25,750	30,783	26,627	20,691	25,498	32,120	29,352
Daily traffic count in front of best store	24,136	24,225	29,663	20,092	21,221	25,667	22,339
Customer base that is female	51%	50%	52%	51%	51%	48%	51%
Percent of business that is repeat	73%	74%	74%	75%	69%	71%	75%
Miles customers drive between oil changes	4,253	4,383	4,219	4,232	4,209	4,374	4,266
Portion of overall sales made up of fleet accounts	10%	9%	11%	12%	10%	12%	9%
<i>Average number of vehicles per fleet</i>	9.0	13.8	8.6	8.5	8.2	9.2	8.7
Operators who mystery shop their own stores	40%	32%	39%	43%	41%	32%	31%
Operators who mystery shop their competition	35%	23%	42%	30%	50%	34%	28%



Insurance

	NAT'L	NE	SE	MW	SW	MT	WC
Per-store amount of Workers' Comp claims	\$147	\$656	\$116	\$119	\$17	\$145	\$57
Annual cost of insuring a fast lube facility	\$5,527	\$6,458	\$5,747	\$4,699	\$6,198	\$5,700	\$5,398
Average amount of per-store warranty work performed during preceding 12 months	\$1,106	\$2,061	\$872	\$777	\$1,315	\$1,521	\$992



Advertising

	NAT'L	NE	SE	MW	SW	MT	WC
Percentage of sales designated for advertising/promotion	4%	4%	4%	4%	4%	6%	4%
<i>Percentage that is co-op</i>	18%	17%	23%	14%	21%	13%	19%
Operators who send reminder cards to customers	51%	56%	47%	41%	39%	69%	72%
Operators offering discounted reminder cards	76%	70%	82%	82%	60%	88%	77%
<i>Response rate</i>	33%	36%	26%	42%	38%	19%	30%
Percentage of customers who use coupons	16%	15%	13%	23%	15%	13%	11%



Employees

	NAT'L	NE	SE	MW	SW	MT	WC
Length of employment for managers	4.9 yrs	5.3 yrs	4.0 yrs	5.7 yrs	3.9 yrs	5.5 yrs	6.1 yrs
Length of employment for technicians	2.2 yrs	2.6 yrs	1.9 yrs	2.2 yrs	2.0 yrs	2.5 yrs	2.6 yrs
Hourly rate paid to lube techs	\$8.32		\$8.28	\$8.23	\$7.83	\$8.44	\$8.97
Annual salary paid to managers	\$35,256	\$39,086	\$34,251	\$33,297	\$33,539	\$37,903	\$41,160
Annual salary paid to owners (if full-time employee)	\$48,653	\$69,778	\$52,296	\$45,007	\$44,143	\$31,333	\$53,308
Average number of employees per store	5.9	7.0	5.8	5.5	6.0	6.2	5.9
Operators testing employees for drugs	34%	34%	37%	12%	39%	24%	72%
Hours of formal training employees receive per year	24	26	23	23	22	31	28
Operations that perform background checks on employees	53%	54%	57%	32%	67%	48%	65%
Operations that use surveillance cameras	34%	37%	45%	24%	22%	34%	54%



Sales

	NAT'L	NE	SE	MW	SW	MT	WC
Yearly sales per store:	\$467,452	\$537,625	\$456,965	\$431,548	\$486,381	\$399,688	\$515,412
Portion of gross sales used for:							
Payroll ¹	27.6%	27.6%	27.2%	29.7%	25.5%	28.6%	26.3%
Lease/Mortgage	12.3%	12.8%	13.0%	11.7%	12.4%	11.8%	11.5%
COGS	29.5%	25.8%	29.7%	29.6%	30.7%	31.3%	28.4%
Net Profit	10.9%	15.1%	11.4%	9.2%	10.0%	9.6%	12.2%
Operations ³	16.1%	16.2%	14.3%	16.6%	17.5%	15.2%	17.2%
Other ⁴	3.6%	2.5%	4.4%	3.1%	3.9%	3.6%	4.4%

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

	NAT'L	NE	SE	MW	SW	MT	WC
Total sales represented by "house" motor oil brand	81%	85%	80%	82%	77%	79%	86%
Customers committed to a specific brand of motor oil	43%	31%	47%	41%	49%	36%	37%
Operations that implement used oil for heating purposes	26%	59%	17%	48%	3%	47%	11%
Facilities equipped with lifts	32%	56%	40%	30%	28%	23%	19%
Facilities equipped with pits	95%	93%	96%	97%	95%	93%	92%
Percentage of pits equipped with safety covers	70%	67%	73%	60%	76%	68%	80%
Facilities using evacuation systems for oil changes	9%	7%	12%	8%	2%	27%	8%
Facilities using a filter crusher	38%	51%	39%	31%	38%	27%	49%
Operations that use scrap metal haulers	26%	32%	23%	18%	33%	10%	39%
Operations that accept used oil from DIYers	81%	68%	81%	83%	86%	70%	77%
Operations that accept used oil filters from DIYers	58%	51%	59%	62%	72%	28%	39%
Operations that charge fee for accepting DIY used oil/oil filters	3%	8%	0%	4%	2%	4%	5%
Operations being paid for their used oil	87%	90%	88%	96%	86%	70%	75%
<i>Amount per gallon</i>	\$0.26	\$0.20	\$0.25	\$0.35	\$0.26	\$0.16	\$0.14
Operations being paid for their used oil filters	2%	3%	2%	1%	3%	0%	0%
Operations that invoice customers for environmental fees	25%	51%	12%	23%	38%	10%	28%
<i>Average amount</i>	\$1.60	\$1.37	\$1.18	\$1.38	\$1.93	\$1.00	\$1.96
Per-gallon cost of highest volume bulk oil	\$5.46	\$5.40	\$5.37	\$5.59	\$5.56	\$5.46	\$5.20
Customers that buy synthetic lubricants	9%	8%	11%	8%	9%	11%	8%
Percentage of business that is oil change	72%	74%	71%	75%	68%	79%	65%

**Percentage of survey respondents
offering following services**

Additive sales	85%	82%	91%	87%	78%	77%	90%
Air conditioner recharge	46%	51%	46%	38%	51%	20%	61%
Air conditioner repair	13%	8%	12%	8%	22%	0%	17%
Air filter replacement	99%	95%	99%	100%	100%	100%	100%
Brake service	26%	28%	37%	17%	30%	13%	20%
Breather replacement	80%	82%	80%	77%	78%	83%	90%
Cabin air filter replacement	86%	74%	83%	90%	88%	83%	92%
Chemical engine flush	76%	69%	76%	74%	83%	60%	79%
Clean windshields	73%	78%	66%	72%	72%	83%	83%
Differential service	95%	90%	94%	94%	96%	100%	100%
Fuel filter replacement	77%	54%	83%	54%	99%	87%	84%
Fuel injector cleaning	82%	73%	86%	69%	92%	93%	83%
Light replacement	80%	83%	65%	84%	87%	80%	86%
Manual drain and refill of radiators	31%	21%	33%	20%	44%	33%	29%
Mechanical ATF exchange	89%	62%	88%	92%	94%	93%	86%
Mechanical full-block coolant flushes	86%	85%	81%	89%	90%	93%	83%
Mechanized engine cleaning system	14%	25%	9%	8%	13%	7%	38%
Minor mechanical repairs	31%	28%	38%	24%	34%	37%	24%
Nitrogen-based tire inflation	1%	8%	1%	1%	0%	7%	0%
Oil changes on boats	6%	5%	5%	1%	5%	17%	15%
Oil changes on commercial vehicles	19%	15%	18%	13%	24%	27%	23%
Oil changes on motorcycles	10%	23%	8%	8%	12%	13%	8%
Oil changes on RVs	71%	73%	72%	51%	79%	100%	83%
Oil monitoring device reset	95%	100%	96%	95%	93%	100%	97%
PCV replacement	77%	74%	79%	73%	81%	63%	83%
Power steering flushes	49%	50%	55%	36%	56%	67%	47%
Radiator, heater, A/C hose replacement	29%	33%	24%	23%	37%	43%	24%
Repair rock chips in windshields	16%	5%	16%	10%	12%	43%	38%
Serpentine belt replacement	89%	72%	91%	88%	93%	93%	90%
Shock and strut replacement	18%	18%	17%	13%	25%	17%	20%
Smog checks/emission testing	11%	13%	14%	1%	20%	7%	9%
Synthetic transmission fluid sales	51%	48%	49%	40%	72%	80%	29%
Tire rotation	57%	73%	78%	47%	39%	53%	58%
Transmission filter replacement	61%	79%	54%	58%	62%	70%	71%
Transmission service (drain & refill manually)	58%	74%	51%	54%	59%	66%	69%
Tune-ups	22%	23%	25%	14%	26%	27%	20%
Vacuum customers' cars	62%	64%	65%	58%	61%	70%	64%
Water-repellent glass treatments	32%	25%	24%	35%	22%	40%	63%
Wheel balancing	18%	21%	29%	13%	17%	7%	9%
Windshield wiper/blade replacement	99%	95%	99%	99%	99%	100%	100%

Best Selling MOTOR OIL in Fast Lubes

