

# Regional Breakdown of the 2006 Fast Lube Operators Survey: Northeast and Southeast Regions

by Garrett McKinnon  
and Lindsay Wharton  
NOLN Staff Writers

The Fast Lube Operators Survey that *National Oil & Lube News* publishes each year is one of the most in-depth looks at the

fast oil change industry anyone will ever see. But while looking at the whole pie is many times very helpful, it's only when you cut the pie into slices that its true taste is known.

That's why we take our Operators Survey and cut it into six 'slices,' each of which looks at key industry data for a particular region of the country. This month, we'll take a look at the slices representing the Northeast and Southeast parts of the country; next month we'll look at the Midwest and Southwest; and come December we'll examine the Mountain States and West Coast.

## Northeast

For our purposes, *National Oil & Lube News* defines the "Northeast" as including the states of Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

At first glance, one of the telling points about the lube industry in the Northeast is its population indicators. While the population surrounding (within a three-mile radius of) the average fast lube is 28,529 nationwide, in the Northeast it's 33,407, a difference of nearly 5,000 people and a clear indicator of the typically urban areas that fill the Northeast.

Probably as a direct result of these larger population centers, Northeast fast lube operators service an average of 43.4 cars per day, or nearly seven cars per day more than the national average. Plus, these operators are realizing an average ticket total of \$45.04, which is slightly higher than the national average. And lest you think the higher tickets might be a result of higher prices, think again. The average price for a standard lube, oil and filter (LOF) and multipoint inspection in the Northeast is \$29.59, which is actually nearly 40 cents lower than the national average.

Despite these factors, many operators in the Northeast describe a business that is assailed by a rising cost of goods.

Don Chapman is manager of Uncasville

| Operations                                                                     | 2006      |           |           |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|
|                                                                                | National  | NE        | SE        |
| Years in the fast lube business                                                | 10.7      | 10.4      | 10.1      |
| Number of facilities per response                                              | 2.5       | 2.3       | 2.9       |
| Cost of goods for standard, full-service LOF                                   | \$11.37   | \$10.82   | \$11.38   |
| Operations offering time guarantee                                             | 17%       | 5%        | 21%       |
| Average ticket total                                                           | \$44.95   | \$45.04   | \$45.07   |
| Number of cars serviced per day                                                | 36.5      | 43.4      | 36.7      |
| Operators who own their building/land                                          | 57%       | 65%       | 63%       |
| Operators who lease their building/land                                        | 20%       | 26%       | 28%       |
| Operators who both own and lease their buildings/land                          | 23%       | 9%        | 9%        |
| Building/land costs for most recent fast lube (if owned)                       | \$442,569 | \$357,500 | \$447,486 |
| Cost for leasing building/land (per month)                                     | \$4,083   | \$5,136   | \$4,042   |
| Equipment costs for fast lube                                                  | \$52,238  | \$44,723  | \$43,168  |
| Annual gross sales per store                                                   | \$522,792 | \$549,305 | \$486,621 |
| Average amount of per-store warranty work performed during preceding 12 months | \$1,068   | \$717     | \$817     |

| Prices                                                                   | 2006     |         |         |
|--------------------------------------------------------------------------|----------|---------|---------|
|                                                                          | National | NE      | SE      |
| Price of standard LOF                                                    | \$29.97  | \$29.59 | \$29.49 |
| Operators who offer basic, low-cost LOF service                          | 30%      | 31%     | 10%     |
| Operators who offer premium LOF<br>(w/ specialty/high mileage motor oil) | 90%      | 69%     | 93%     |
| Operators who offer premium LOF<br>(w/ synthetic motor oil)              | 96%      | 97%     | 99%     |

| Demographics                                           | 2006     |        |        |
|--------------------------------------------------------|----------|--------|--------|
|                                                        | National | NE     | SE     |
| Fast lubes within three miles of respondent            | 2.3      | 1.6    | 2.1    |
| Oil change facilities within three miles of respondent | 5.0      | 5.6    | 5.2    |
| Population within three-mile radius of best store      | 28,529   | 33,407 | 27,335 |
| Daily traffic count in front of best store             | 26,106   | 28,765 | 28,733 |
| Percent of business that is repeat                     | 73%      | 78%    | 73%    |
| Miles customers drive between oil changes              | 4,268    | 4,274  | 4,297  |
| Customers who drive domestic vehicles                  | 59%      | 54%    | 55%    |
| Customers who drive foreign vehicles                   | 41%      | 46%    | 44%    |
| Customers who drive luxury vehicles                    | 15%      | 19%    | 17%    |

Quick Lube in Uncasville, Connecticut. According to him, profits are down even though car counts have remained the same. He described his competition as “light,” adding that major national and regional chain fast lubes are his main competitors.

“I’d say the industry is fine,” said Chapman. “It’s average.”

Chip Miller, president of Autumn Lube, Inc., a Jiffy Lube franchisee headquartered in Balto, Maryland, echoed Chapman’s concerns.

“Car counts decreased by about 5 percent, while ticket averages decreased by roughly 7 percent,” Miller said of his stores. “Competition is moderate; our main competitors are dealerships.”

Miller said the lube business in the Northeast is good — for now.

“It’s decreasing, though,” he said.

Frank Pinnisi, Jr. is president of Quick Change, Inc., headquartered in Utica, New York. He described the lube industry in the Northeast as: “It’s soft; it’s not very strong.”

Pinnisi said that car counts are flat and profits are down by 5 percent, despite moderate competition consisting mostly of national fast lube chain stores.

One state south, in Downingtown, Pennsylvania, Grant Nelson (owner of Laser Lube) described the Northeast lube industry as slow. Nelson said his lube company has seen double-digit percentage point declines in both car counts and profits.

“Competition is heavy,” he said. “Mostly Firestone and Goodyear (shops).”

Still, not every operator has seen a decline in business. Phillip Canney manages New England Quick Lube in Haverhill, Massachusetts. He said car counts have risen by 4 percent versus last year, keeping profits and sales about even. Thanks in part to competition he described as “moderate,” Canney said business is “steady.”

### **Southeast**

For the Southeast region, we include the states of Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

According to our operators survey, fast lubes in this region average 36.7 cars per day (slightly above the national average), with an average ticket total of \$45.07 (again, just slightly above the national average).

# **The Search for Answers is OVER!**

**Results for the 2006 Fast Lube Operators Survey were released in the September issue.**

**Results of this survey have been posted on our website at [www.noln.net](http://www.noln.net).**

**Paid subscribers can access this survey, the 2006 Corporate Fast Lube Survey and ALL of NOLN’s research surveys.**

**Go to the paid subscribers section of [www.noln.net](http://www.noln.net) to access this information plus more to improve your shop.**

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**National Oil  
& Lube News**

## Oil & Equipment

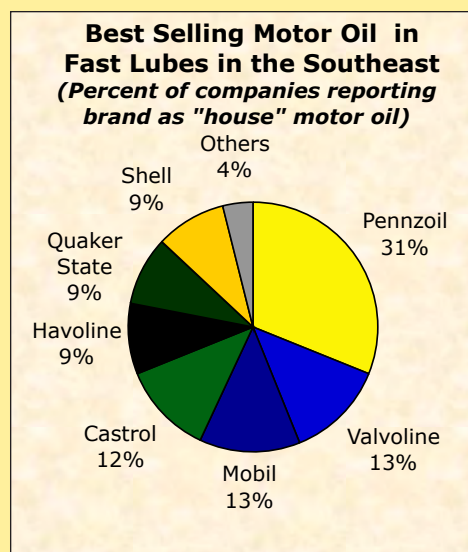
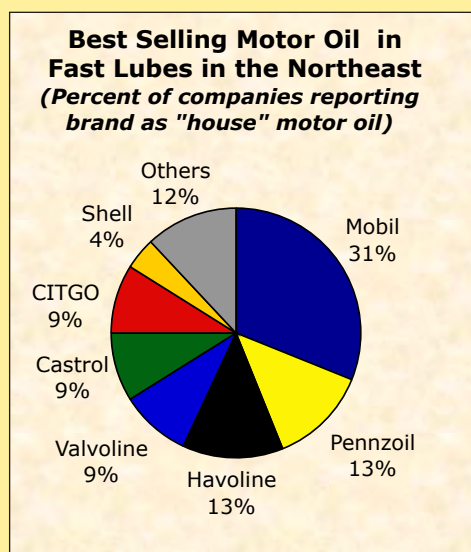
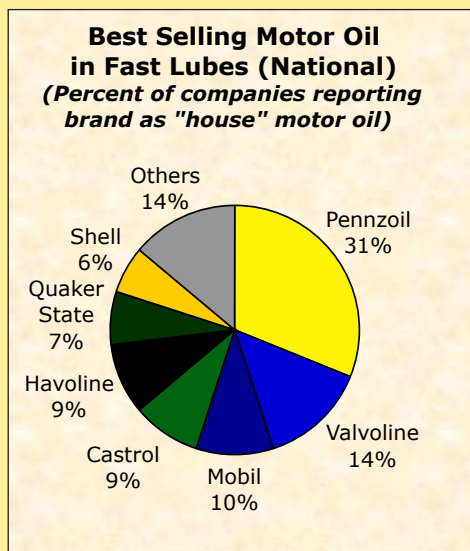
2006

|                                                                   | National | NE     | SE     |
|-------------------------------------------------------------------|----------|--------|--------|
| Facilities equipped with lifts                                    | 36%      | 56%    | 33%    |
| Facilities equipped with pits                                     | 95%      | 97%    | 99%    |
| Percentage of pits equipped with safety covers                    | 72%      | 66%    | 72%    |
| Facilities using a filter crusher                                 | 52%      | 47%    | 68%    |
| Operations that accept used oil from DIYers                       | 79%      | 89%    | 76%    |
| Operations that accept used oil filters from DIYers               | 60%      | 72%    | 66%    |
| Operations that charge fee for accepting DIY used oil/oil filters | 5%       | 0%     | 1%     |
| Operations being paid for their used oil                          | 93%      | 96%    | 96%    |
| Amount per gallon                                                 | \$0.52   | \$0.48 | \$0.54 |
| Operations being paid for their used oil filters                  | 4%       | 2%     | 1%     |
| Per-gallon cost of highest volume bulk oil                        | \$6.41   | \$6.11 | \$6.45 |

## Employees

2006

|                                      | National | NE      | SE      |
|--------------------------------------|----------|---------|---------|
| Length of employment for managers    | 5.4 yrs  | 6.5 yrs | 5.3 yrs |
| Length of employment for technicians | 2.3 yrs  | 2.4 yrs | 2.2 yrs |



A couple of interesting notes do arise from the Southeast, however. First, lube operators in this region reported owning an average of 2.9 stores each, or nearly half a store more than the national average and a strong hint that the lube industry, like many other retail industries before it, is moving away from its single-store, mom-and-pop roots and into multiple-facility ownership.

Another interesting note from the Southeast is the percentage of operators who offer a basic, low-cost LOF service (a no-frills oil change without the accompanying fluid inspection). Nationwide, 30 percent of operators offer this service, but in the Southeast, only 10 percent do so, according to the breakdown of this year's survey.

James Baxter is manager of BP Quick Car Care Center in Marietta, Georgia. According to him, both car counts (10 percent) and profits (8 percent) have risen substantially in the past year, despite what he described as heavy, low-cost competition from major tire centers like Goodyear and Firestone. Baxter summed up the lube business in the Southeast in one word: "Good."

Christopher Cross is assistant manager at a Florida-based Mobil Express Lube. He said car counts are holding steady, and profits have risen slightly versus last year.

Cross said the facility's main competition comes in the form of other fast lubes from a major national chain.

Another Southeast operator who's seen increases during the past year is Jim Farmer, operations manager of two Jiffy Lubes in the Murfreesboro, Tennessee area.

"Our car counts have gone up," he said. "Our three-bay shop was doing 30 to 40 cars per day, now it's 50 to 60 cars per day. Our two-bay was doing 15 to 20 cars per day, now it's doing 25 to 30 cars per day."

Farmer said profits, not surprisingly, have gone up, as well. Competition in the area is "moderate," consisting mostly of other independent fast lubes.

Marshall McKinley owns The Pit Stop in Richland, Mississippi. Despite competition he termed "heavy" that consists mostly of other lube shops and Wal-Mart Tire & Lube Express, McKinley said car counts are up.

"They have increased a little bit, probably three or four cars a day," he said, adding that profits are about the same as last year.

In all, McKinley said he was upbeat about the lube business in his area.

"It's doing good," he said. 🚰

# Regional Breakdown of the 2006 Fast Lube Operators Survey: Midwest and Southwest Regions

by Lindsay Wharton  
NOLN Staff Writer

The Fast Lube Operators Survey that  
*National Oil & Lube News* publishes each

year is one of the most in-depth looks at the fast oil change industry that anyone will ever see. But while looking at the whole pie is many times very helpful, it's only when you cut the pie into slices that its true taste is known.

That's why we take our Operators Survey and cut it into six 'slices' each of which looks at key industry data for a particular region of the country. Last month, we began this series by examining operating statistics from the Northeast and Southeast regions of the country. This month, we'll take a look at the Midwest and the Southwest. Next month, we'll conclude the series by examining the Mountain States and the West Coast.

## Midwest

For our purposes, we define the "Midwest" as including the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

**According to our survey, (Midwest) operators pay about 60 cents less than the national average in cost of goods.**

The Midwest is a case of good news, bad news. First, the good news. According to our survey, operators pay about 60 cents less than the national average in cost of goods.

|                                                                                | 2006      |           |           |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|
|                                                                                | National  | MW        | SW        |
| Years in the fast lube business                                                | 10.7      | 10.8      | 10.5      |
| Number of facilities per response                                              | 2.5       | 2.3       | 2.7       |
| Cost of goods for standard, full-service LOF                                   | \$11.37   | \$10.76   | \$11.87   |
| Operations offering time guarantee                                             | 17%       | 12%       | 13%       |
| Average ticket total                                                           | \$44.95   | \$40.87   | \$45.88   |
| Number of cars serviced per day                                                | 36.5      | 33.3      | 38.6      |
| Operators who own their building/land                                          | 57%       | 52%       | 61%       |
| Operators who lease their building/land                                        | 20%       | 13%       | 10%       |
| Operators who both own and lease their buildings/land                          | 23%       | 36%       | 29%       |
| Building/land costs for most recent fast lube (if owned)                       | \$442,569 | \$396,807 | \$556,720 |
| Cost for leasing building/land (per month)                                     | \$4,083   | \$3,606   | \$3,655   |
| Equipment costs for fast lube                                                  | \$52,238  | \$51,789  | \$67,938  |
| Annual gross sales per store                                                   | \$522,792 | \$417,881 | \$578,486 |
| Average amount of per-store warranty work performed during preceding 12 months | \$1,068   | \$726     | \$662     |

|                                                                          | 2006     |         |         |
|--------------------------------------------------------------------------|----------|---------|---------|
|                                                                          | National | MW      | SW      |
| Price of standard LOF                                                    | \$29.97  | \$29.13 | \$29.98 |
| Operators who offer basic, low-cost LOF service                          | 30%      | 47%     | 31%     |
| Operators who offer premium LOF<br>(w/ specialty/high mileage motor oil) | 90%      | 90%     | 97%     |
| Operators who offer premium LOF<br>(w/ synthetic motor oil)              | 96%      | 94%     | 99%     |

|                                                        | 2006     |        |        |
|--------------------------------------------------------|----------|--------|--------|
|                                                        | National | MW     | SW     |
| Fast lubes within three miles of respondent            | 2.3      | 2.5    | 2.6    |
| Oil change facilities within three miles of respondent | 5.0      | 4.6    | 4.3    |
| Population within three-mile radius of best store      | 28,529   | 26,684 | 23,377 |
| Daily traffic count in front of best store             | 26,106   | 21,932 | 32,873 |
| Percent of business that is repeat                     | 73%      | 73%    | 74%    |
| Miles customers drive between oil changes              | 4,268    | 4,239  | 4,323  |
| Customers who drive domestic vehicles                  | 59%      | 63%    | 62%    |
| Customers who drive foreign vehicles                   | 41%      | 37%    | 37%    |
| Customers who drive luxury vehicles                    | 15%      | 15%    | 13%    |

## Oil & Equipment

2006

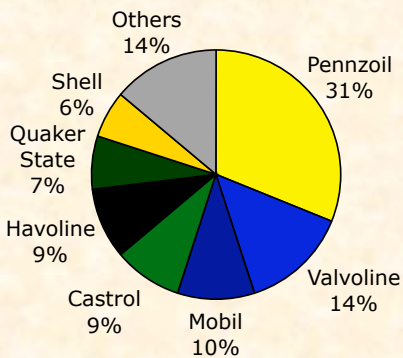
|                                                             | National | MW     | SW     |
|-------------------------------------------------------------|----------|--------|--------|
| Facilities equipped with lifts                              | 36%      | 35%    | 35%    |
| Facilities equipped with pits                               | 95%      | 96%    | 98%    |
| Percentage of pits equipped with safety covers              | 72%      | 70%    | 84%    |
| Facilities using a filter crusher                           | 52%      | 31%    | 35%    |
| Operations that accept used oil from DIYers                 | 79%      | 75%    | 92%    |
| Operations that accept used oil filters from DIYers         | 60%      | 35%    | 83%    |
| Operations that charge DIYer a fee for used oil/oil filters | 5%       | 3%     | 15%    |
| Operations being paid for their used oil                    | 93%      | 99%    | 89%    |
| Amount per gallon                                           | \$0.52   | \$0.63 | \$0.52 |
| Operations being paid for their used oil filters            | 4%       | 2%     | 7%     |
| Per-gallon cost of highest volume bulk oil                  | \$6.41   | \$6.39 | \$6.44 |

## Employees

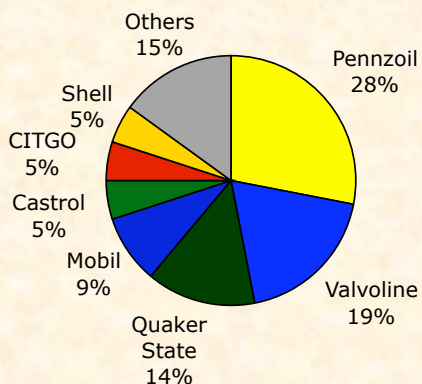
2006

|                                      | National | MW      | SW      |
|--------------------------------------|----------|---------|---------|
| Length of employment for managers    | 5.4 yrs  | 5.1 yrs | 5.3 yrs |
| Length of employment for technicians | 2.3 yrs  | 2.5 yrs | 2.2 yrs |

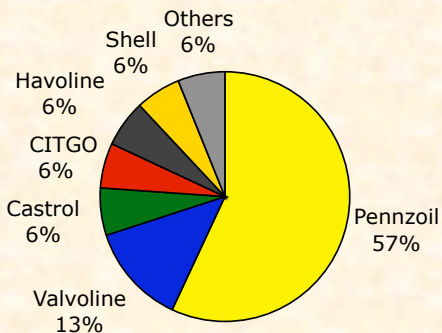
**Best Selling Motor Oil in Fast Lubes (National)**  
(Percent of companies reporting brand as "house" motor oil)



**Best Selling Motor Oil in Fast Lubes in the Midwest**  
(Percent of companies reporting brand as "house" motor oil)



**Best Selling Motor Oil in Fast Lubes in the Southwest**  
(Percent of companies reporting brand as "house" motor oil)



Unfortunately, that savings is not enough to make up for annual gross sales that are \$104,911 less than the national average. The smaller gross sales are due to two factors: smaller car counts (in the Midwest, 33.3 cars are serviced each day; the national average is 36.5 cars per day) and lower ticket averages (which are some \$4 per car lower than the national average).

Steve Williams, owner of 281 Express Lube in Jamestown, North Dakota, said he believes his shop's profits are down because many of his customers are not purchasing any extra services for the routine maintenance of their car.

"People are not spending enough extra for filters and other things," Williams said.

This year, Williams' car counts have decreased about 4 to 5 cars per day. The result is a profit decrease of about 22 percent. Williams' main competitors are dealerships, though other service centers occasionally run low-price oil change specials.

"Some independents are playing around with prices, but then they realize they aren't making enough," Williams said.

Williams described the economy in his area as being fair to poor.

"It's just quiet," he said. "Our whole economy is pretty quiet."

Chris Scott's car counts have fallen about 7 to 15 percent. Scott owns the Take Ten Lube Center in Sheboygan, Wisconsin.

Fortunately, his profits have remained about the same.

"Competition is moderate; there are two other independent Pennzoils and a Valvoline about 12 miles down the road, and a Mr. Goodwrench dealership," Scott said.

While some Midwest operators are experiencing difficulties, others are booming. Bob McDonald, owner of Zippy Lube in Norfolk, Nebraska, said business is pretty good.

"There's a lot of traffic in this area," he said.

Profits at Zippy Lube have

increased by \$10,000 compared to last year. This means McDonald's shop is making about \$1,000 extra per month.

This increase is mostly due to a 15 percent rise in car counts. Also, Zippy Lube has only light competition from Wal-Mart and Tires Plus.

## Southwest

*National Oil & Lube News* defines the Southwest region as including: Arizona, New Mexico, Oklahoma and Texas.

According to our Operators Survey, fast lubes in the Southwest are making more money in terms of annual gross sales per store than the national average. In fact, Southwest lube operators report making \$55,694 more than the national average this year, which partially offsets significantly higher-than-average costs of equipment and facilities.

**According to our Operators Survey, fast lubes in the Southwest are making more money in terms of annual gross sales per store than the national average.**

The higher gross sales is likely a direct correlation to the number of cars fast lubes in the Southwest region service per day. Operators in this region generally service 38.6 cars per day, more than two cars per day above the national average of 36.5.

Plus, the average ticket total is slightly larger than the national average.

Pit Stop Lube Center in Chickasha, Oklahoma, has seen an increase in car counts and profits of about 20 percent. John Dunderdale, manager, said that the oil and lube business is active in his area.

"We're busy," he said.

In addition, his area has little to no competition.

For the Denison Quick Lube in Denison, Texas, car counts have remained steady,

but their profits have increased 15 percent. Bruce Balentine, shop manager, said there is only moderate competition in his area and the business is doing well overall.

Garrett Martin, manager of Quick Lube in Albuquerque, New Mexico, said his profits have stayed the same. He describes the business in his area as good.

"Competition is light, just Jiffy Lube and Wal-Mart," he said.

Not everyone is riding a high, however.

Scott Andersen, assistant manager for

Swanty's Lube, Muffler and RV, said they have not seen increased sales at their store. In fact, profit is down about 40 percent, and car counts have fallen 25 percent.

"Competition is moderate; our main competitors are quick lubes and other shops close by," Anderson said.

He described business in his area of Bullhead City, Arizona, as "half normal".

"People in the Southwest change their oil less than (other) people," he said. 🟡

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by Lindsay Wharton  
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That's why we take our Operator's Survey and cut it into six 'slices' each of which looks at key industry data for a particular region of the country. In the previous two months, we've looked at the Northeast, Southeast, Midwest and Southwest regions of the country.

For our final review, we'll look at the Mountain and West Coast regions.

## Mountain States

NOLN defines the Mountain states as including: Colorado, Idaho, Montana, Nevada, Utah and Wyoming.

In what can only be a statistical quirk owing mostly to a small sampling, fast lube facilities in the Mountain States report averaging \$715,636 in annual gross sales per store, which is \$192,844 more than the national average. This is a remarkable — and arguably unlikely find — especially since facilities in the Mountain region report servicing about four cars per day less than the nation on average. The average ticket total is also less than the national average.

Plus, shops in this area report daily traffic counts that are less than half of the national average.

The statistics are heavily affected by two shops that each report averaging more than \$1 million in sales annually.

Other data show that the standard lube, oil and filter price in Mountain State lube facilities is a little higher than the national average, and that 40 percent more operators offer

| Operations                                                                     | 2006      |           |           |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|
|                                                                                | National  | MT        | WC        |
| Years in the fast lube business                                                | 10.7      | 11.8      | 12.4      |
| Number of facilities per response                                              | 2.5       | 1.8       | 2.5       |
| Cost of goods for standard, full-service LOF                                   | \$11.37   | \$11.77   | \$11.21   |
| Operations offering time guarantee                                             | 17%       | 42%       | 18%       |
| Average ticket total                                                           | \$44.95   | \$44.31   | \$52.99   |
| Number of cars serviced per day                                                | 36.5      | 32.7      | 35.6      |
| Operators who own their building/land                                          | 57%       | 70%       | 32%       |
| Operators who lease their building/land                                        | 20%       | 20%       | 29%       |
| Operators who both own and lease their buildings/land                          | 23%       | 10%       | 39%       |
| Building/land costs for most recent fast lube (if owned)                       | \$442,569 | \$464,286 | \$423,556 |
| Cost for leasing building/land (per month)                                     | \$4,083   | \$2,498   | \$5,563   |
| Equipment costs for fast lube                                                  | \$52,238  | \$51,100  | \$57,300  |
| Annual gross sales per store                                                   | \$522,792 | \$715,636 | \$632,476 |
| Average amount of per-store warranty work performed during preceding 12 months | \$1,068   | \$3,670   | \$2,523   |

| Prices                                                                   | 2006     |         |         |
|--------------------------------------------------------------------------|----------|---------|---------|
|                                                                          | National | MT      | WC      |
| Price of standard LOF                                                    | \$29.97  | \$31.76 | \$31.37 |
| Operators who offer basic, low-cost LOF service                          | 30%      | 70%     | 33%     |
| Operators who offer premium LOF<br>(w/ specialty/high mileage motor oil) | 90%      | 80%     | 90%     |
| Operators who offer premium LOF<br>(w/ synthetic motor oil)              | 96%      | 93%     | 92%     |

| Demographics                                           | 2006     |        |        |
|--------------------------------------------------------|----------|--------|--------|
|                                                        | National | MT     | WC     |
| Fast lubes within three miles of respondent            | 2.3      | 2.3    | 2.4    |
| Oil change facilities within three miles of respondent | 5.0      | 5.4    | 5.4    |
| Population within three-mile radius of best store      | 28,529   | 33,092 | 30,733 |
| Daily traffic count in front of best store             | 26,106   | 15,733 | 30,920 |
| Percent of business that is repeat                     | 73%      | 71%    | 71%    |
| Miles customers drive between oil changes              | 4,268    | 4,170  | 4,248  |
| Customers who drive domestic vehicles                  | 59%      | 58%    | 50%    |
| Customers who drive foreign vehicles                   | 41%      | 42%    | 49%    |
| Customers who drive luxury vehicles                    | 15%      | 11%    | 12%    |

basic, low-cost lube, oil and filter service.

John Brown, owner of Grease Monkey in Cheyenne, Wyoming, said his car counts and profit have increased about 5 percent in the past year. The competition in his area of Wyoming is light, his main competitors being a national franchise store and a few independent shops and dealers.

Brown said his shop is benefiting from the market right now.

"It's good for me," he said.

The Masterlube in Billings, Montana, is also benefiting from the Mountain State market. Doug Darkenwald, project manager for Masterlube, said the company's car counts have stayed the same, but profits have not.

"Our revenue has increased at least 10 percent and our profits have increased 2 to 3 percent," Darkenwald said.

The competition for Masterlube is moderate. The shop's main competition comes from other independent lube shops and carwashes.

Darkenwald said the industry is strong in his area.

Matt Patterson, owner and manger of The Lube Shop in Caldwell, Idaho said business in his area is also good. The competition is

### West Coast

For the purpose of this survey, NOLN considers Alaska, California, Hawaii, Oregon and Washington as West Coast states.

Facilities here, like in the Mountain States region, report average annual gross sales that are higher than the national average; in the case of West Coast facilities, sales are \$109,684

more than the national average. This is likely due to the fact that shops in this region report an average ticket total that is about \$8 per car higher than the national average.

**"Car counts have risen at least 10 percent, and profits about the same."**

**-Matt Patterson  
The Lube Shop**

Plus, the daily traffic in front of the best store is significantly higher.

Susan Fearl, office manager of Rainford's Lube and Oil in Yakima,

## Mountain States at a glance...

**Avg. Car Count ..... 32.7**

**Avg. Ticket Total ..... \$44.31**

**Avg. Cost of Goods  
..... \$11.77**

**Avg. Bulk Oil Cost  
..... \$6.78**

**Motor Oil Market Share:**

**Pennzoil ..... 25%**

**Castrol ..... 15%**

**Conoco ..... 10%**

**Havoline ..... 10%**

moderate with national franchise stores and big-box retailers being his main competitors.

Patterson also saw an increase in profits that seem to be common in this region.

"Car counts have risen at least 10 percent," he said, "and profits increased about the same."

## Oil & Equipment

2006

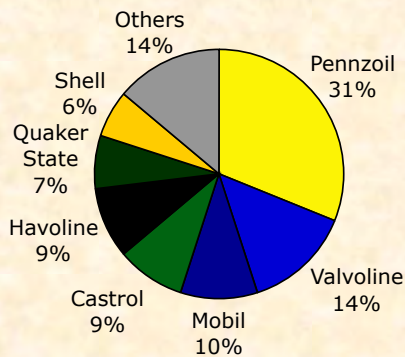
|                                                                   | National | MT     | WC     |
|-------------------------------------------------------------------|----------|--------|--------|
| Facilities equipped with lifts                                    | 36%      | 49%    | 24%    |
| Facilities equipped with pits                                     | 95%      | 73%    | 82%    |
| Percentage of pits equipped with safety covers                    | 72%      | 61%    | 73%    |
| Facilities using a filter crusher                                 | 52%      | 49%    | 90%    |
| Operations that accept used oil from DIYers                       | 79%      | 80%    | 74%    |
| Operations that accept used oil filters from DIYers               | 60%      | 65%    | 59%    |
| Operations that charge fee for accepting DIY used oil/oil filters | 5%       | 18%    | 6%     |
| Operations being paid for their used oil                          | 93%      | 89%    | 75%    |
| Amount per gallon                                                 | \$0.52   | \$0.34 | \$0.22 |
| Operations being paid for their used oil filters                  | 4%       | 6%     | 14%    |
| Per-gallon cost of highest volume bulk oil                        | \$6.41   | \$6.78 | \$6.07 |

## Employees

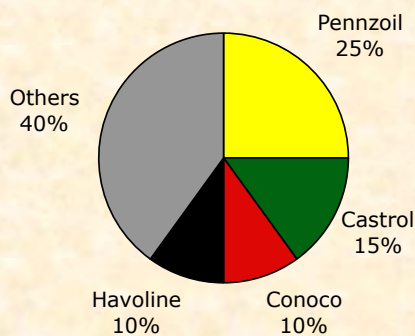
2006

|                                      | National | MT      | WC      |
|--------------------------------------|----------|---------|---------|
| Length of employment for managers    | 5.4 yrs  | 5.9 yrs | 5.3 yrs |
| Length of employment for technicians | 2.3 yrs  | 3.0 yrs | 1.8 yrs |

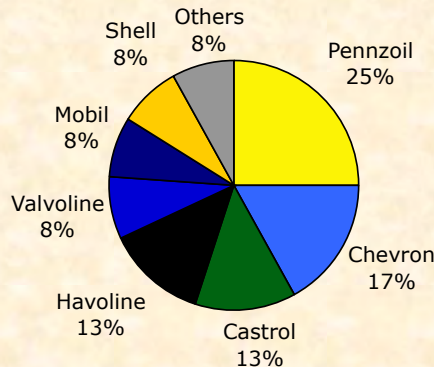
**Best Selling Motor Oil in Fast Lubes (National)**  
(Percent of companies reporting brand as "house" motor oil)



**Best Selling Motor Oil in Fast Lubes in the Mountain**  
(Percent of companies reporting brand as "house" motor oil)



**Best Selling Motor Oil in Fast Lubes in the West Coast**  
(Percent of companies reporting brand as "house" motor oil)



Washington, said she is experiencing the benefits of being in the oil and lube business on the West Coast.

"It's excellent right now," Fearl said.

Car counts at Rainford's have increased 2 to 3 percent and their profits have increased by 10 percent despite heavy competition from other oil and lube shops.

"It's been a good year," she said.

Kim Sanchez, owner of Econo Lube-N-Tune in San Diego, California, said her experience has not been as positive this year.

## West Coast at a glance...

|                                |            |
|--------------------------------|------------|
| Avg. Car Count .....           | 35.6       |
| Avg. Ticket Total .....        | \$52.99    |
| Avg. Cost of Goods .....       | \$11.21    |
| Avg. Bulk Oil Cost .....       | \$6.07     |
| <b>Motor Oil Market Share:</b> |            |
| <b>Pennzoil .....</b>          | <b>25%</b> |
| <b>Chevron .....</b>           | <b>17%</b> |
| <b>Castrol .....</b>           | <b>13%</b> |
| <b>Havoline .....</b>          | <b>13%</b> |

"Our car counts fell a little bit with the gas price increase," she said.

The establishment's profits decreased some, but Sanchez said it was mainly because of the gas price problem. She expects her oil and lube profits to improve next year.

The competition in her area is heavy.

"We have a Jiffy Lube a block away and a Midas," Sanchez said. "This whole street is full of them."

One independent lube shop in Portland, Oregon has a very unique situation. Owner Ken Arnold said the competition in his area is light, with no businesses for miles. He said car counts have stayed the same in the past year, and he estimates that profits have increased for his shop. He credits the success of his business with the quality of the employees.

"We're good, fast and honest with our customers," Arnold said. 🟡