

2010 FAST LUBE OPERATORS SURVEY

A special report by:

 **NATIONAL
OIL & LUBE NEWS**

2010 FAST LUBE OPERATORS SURVEY

GENERAL

The Fast Lube Operators Survey is one of the most in-depth studies of the fast oil change industry available. Much-requested by both newcomers to the fast lube industry and seasoned operators — who use it to evaluate the success of their own operations — the survey contains current and historical data for almost every operational metric. Survey data was gathered from questionnaires mailed directly to operators or available online.

Survey results for 2010 are presented at the far right in two categories: The first column indicates results from companies operating “Less Than 30 Stores (LT30 Stores),” i.e. smaller operations representative of the majority of the industry. The second column indicates results from those companies operating “More Than 30 Stores (MT30 Stores),” i.e. larger corporate lube chains. Results for 2006 through 2009 are for reference only and represent LT30 operations. In all, the responses for 2010 account for 4,238 facilities and include fast lube stores operating in all 50 states.

OPERATIONS

	2006	2007	2008	2009	2010	
	LT30	LT30	LT30	LT30	LT30	MT30
Independent/company-owned facilities	85%	79%	80%	85%	81%	40%
Franchised facilities	15%	21%	20%	15%	19%	60%
Member of fast lube trade association	59%	67%	55%	59%	69%	98%
Years in the fast lube business	10.7	11.4	11.7	12.4	13.8	21.6
Number of facilities per response	2.5	2.5	2.2	2.0	2.3	302
Number of bays per facility	3.0	3.1	3.3	3.2	3.6	3.5
Cost of goods for standard, full-service LOF	\$11.37	\$11.55	\$12.75	\$13.24	\$13.12	\$10.95
Average ticket total	\$44.95	\$47.18	\$50.80	\$52.04	\$54.08	\$65.31
Number of days open per year	n/a	n/a	315	311	318	338
Number of cars serviced per day	36.5	35.4	33.9	32.4	31.7	33.2
State inspections per day (by facilities that offer)	14.1	15.7	11.2	7.5	12.1	*
Total number of cars you service per day (including inspections, repair work, etc.)	n/a	n/a	n/a	n/a	38.0	*
Break-even car count	24.3	24.9	24.0	22.4	23.3	24.0
Operators who own their building/land	57%	60%	56%	52%	56%	6%
Operators who lease their building/land	20%	31%	23%	26%	18%	21%
Operators who both own and lease their buildings/land	23%	9%	21%	22%	26%	73%
Building/land costs for most recent fast lube (if owned)	\$442,569	\$578,781	\$584,430	\$552,545	\$604,372	\$928,000
Cost for leasing building/land (per month)	\$4,083	\$4,817	\$4,619	\$4,472	\$4,552	\$5,616
Equipment costs for fast lube	\$52,238	\$62,879	\$64,398	\$60,196	\$68,219	\$88,302
Number of stores operator will open in next 12 months	0.3	0.3	0.3	n/a	0.2	12.8
Operators planning to sell their facilities next year	11%	10%	10%	7%	5%	0%
Operators who have customers enter their lube: From the front (street side)	n/a	51%	49%	49%	54%	50%
Back	n/a	49%	51%	51%	46%	50%
Percentage of business that is oil change	74%	72%	69%	69%	67%	56%
Percentage of operations that refuse to service at least one vehicle	28%	36%	32%	33%	35%	20%
Operators who offer a free fluid top-off	n/a	n/a	86%	88%	89%	96%

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

PRICES

	2006	2007	2008	2009	2010	
	LT30	LT30	LT30	LT30	LT30	MT30
Price of standard, full-service LOF/multipoint check	\$29.97	\$31.12	\$32.37	\$34.38	\$34.14	\$36.45
Operators who offer basic, low-cost LOF service	30%	26%	31%	31%	34%	8%
Price, if offered	\$24.67	\$25.19	\$25.98	\$27.77	\$26.69	\$21.98
Operators who offer premium LOF (w/ specialty/high mileage motor oil)	90%	79%	92%	84%	90%	100%
Price, if offered	\$40.21	\$42.07	\$44.32	\$45.70	\$45.86	\$53.60
Operators who offer premium LOF (w/ synthetic motor oil)	96%	91%	98%	92%	99%	100%
Price, if offered	\$52.97	\$55.49	\$59.42	\$60.93	\$62.39	\$66.14
Operators increasing LOF price in the past 12 months	72%	70%	84%	63%	37%	86%
Amount of increase	\$2.01	\$2.02	\$2.68	\$2.64	\$1.99	\$1.27
Competitors discounting their oil change	92%	89%	89%	85%	89%	100%
Amount of discount	\$5.27	\$5.94	\$5.95	\$5.92	\$6.69	\$6.78
Operators discounting their own oil changes	76%	67%	66%	63%	71%	96%
Amount of discount	\$3.97	\$4.12	\$4.40	\$4.70	\$4.68	\$6.88

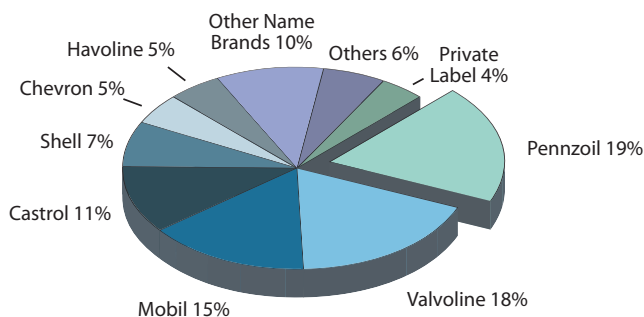
DEMOGRAPHICS

Oil change facilities within three miles of respondent	n/a	n/a	n/a	n/a	8.5	*
Population within three-mile radius of best store	28,529	32,287	29,296	20,837	24,798	38,750
Daily traffic count in front of best store	26,106	21,081	21,207	20,077	23,381	17,688
Customer base that is female	51%	52%	51%	52%	52%	53%
Miles customers drive between oil changes	4,268	4,352	4,318	4,364	4,419	4,564
Portion of overall sales made up of fleet accounts	11%	12%	12%	10%	11%	9%
Average number of vehicles per fleet	9.6	8.8	10.0	7.8	14.5	15.5
Operators who mystery shop their own stores	58%	53%	59%	57%	62%	76%
Operators who mystery shop their competition	37%	32%	46%	53%	47%	33%
Customers who drive domestic vehicles	59%	56%	56%	58%	58%	51%
Customers who drive foreign vehicles	41%	44%	44%	42%	42%	49%
Customers who drive luxury vehicles	15%	19%	20%	18%	19%	22%
Customers who drive light trucks	n/a	n/a	33%	35%	35%	32%
Vehicles equipped with oil monitors	42%	46%	51%	52%	57%	51%
Miles driven between oil changes by those vehicles	4,561	4,685	4,695	4,783	4,831	5,275

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

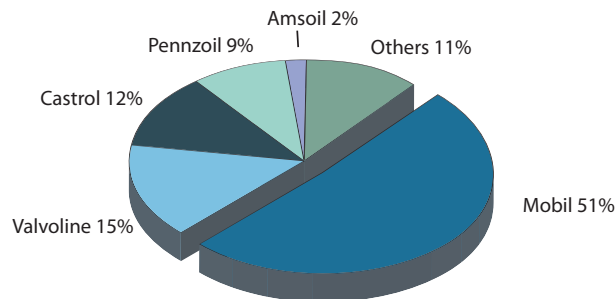
Best Selling Motor Oil in Fast Lubes

(Percentage of LT30 operators who listed each brand as their "house" oil, 2010)



Best Selling Synthetic Motor Oil in Fast Lubes

(Percentage of LT30 operators who listed each brand as their top selling synthetic oil, 2010)



EMPLOYEES

	2006	2007	2008	2009	2010	
	LT30	LT30	LT30	LT30	LT30	MT30
Length of employment for managers	5.4 yrs	5.5 yrs	6.2 yrs	6.7 yrs	7.0 yrs	5.5 yrs
Length of employment for technicians	2.3 yrs	2.3 yrs	2.5 yrs	2.9 yrs	3.1 yrs	2.3 yrs
Starting rate paid to lube techs	n/a	n/a	\$7.89	\$8.15	\$8.26	\$7.76
Hourly rate paid to lube techs	\$8.59	\$8.70	\$9.22	\$9.30	\$9.47	\$8.76
Annual salary paid to managers	\$36,699	\$39,020	\$39,587	\$37,925	\$39,456	\$41,242
Annual salary paid to owners (if full-time employee)	\$53,685	\$52,976	\$55,155	\$58,719	\$62,676	*
Average number of employees per store	5.8	6.0	5.9	5.5	6.2	6.4
Operators testing employees for drugs	52%	47%	40%	59%	63%	91%
Hours of formal training employees receive per year	28	28	35	30	32	42
Operations that use surveillance cameras	28%	42%	57%	47%	63%	98%
Owners who work: On site	n/a	64%	69%	73%	72%	*
From remote location	n/a	36%	31%	27%	28%	*

SALES

Yearly sales per store:	\$522,792	\$551,377	\$535,803	\$558,395	\$575,422	\$624,452
Portion of gross sales used for:						
Payroll ¹	27.9%	27.0%	28.3%	27.9%	26.5%	28.7%
Lease/Mortgage	11.5%	11.5%	12.2%	11.5%	11.6%	10.8%
COGS ²	30.0%	29.8%	30.5%	29.4%	28.3%	24.1%
Net Profit	11.5%	13.0%	10.0%	12.5%	13.3%	14.0%
Operations ³	15.6%	15.6%	15.8%	15.8%	17.2%	18.1%
Other ⁴	3.5%	3.1%	3.3%	2.9%	3.1%	4.3%

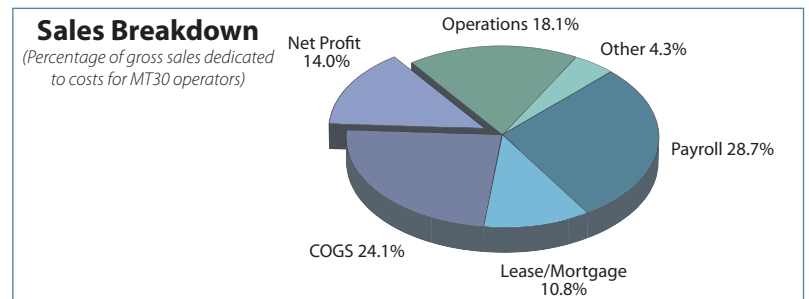
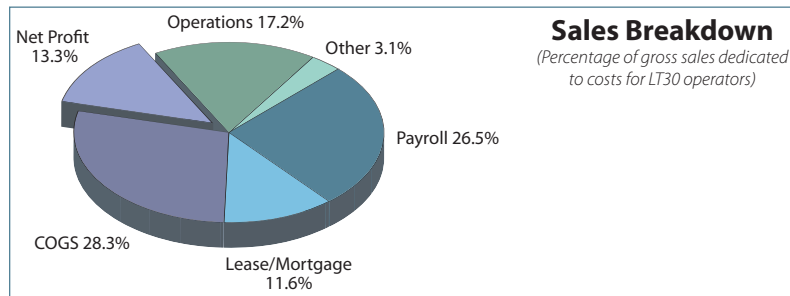
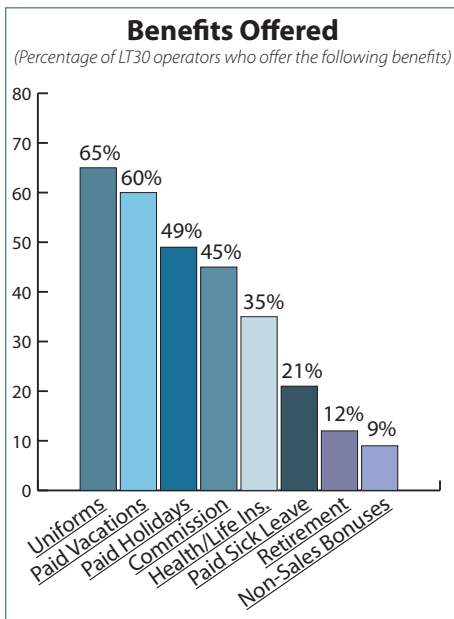
¹ Includes all payroll (taxes included), salary of owner (if "hands-on" employee), unemployment taxes, Workers' Compensation, health insurance, bonuses, etc.

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.

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



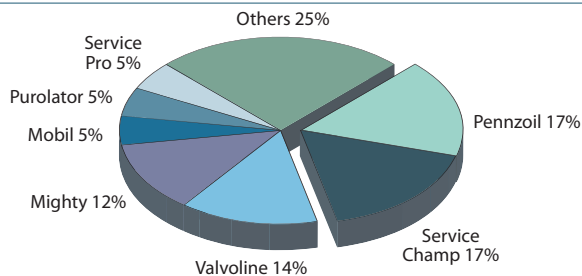
OIL & EQUIPMENT

	2006	2007	2008	2009	2010	
	LT30	LT30	LT30	LT30	LT30	MT30
Total sales represented by "house" motor oil brand	79%	77%	79%	81%	76%	83%
Customers committed to a specific brand of motor oil	38%	39%	40%	45%	37%	23%
Operations that implement used oil for heating purposes	37%	27%	31%	31%	27%	32%
Facilities using evacuation systems for oil changes	9%	13%	23%	22%	21%	5%
Facilities using a filter crusher	52%	41%	29%	45%	33%	87%
Operations that use scrap metal haulers	38%	44%	31%	46%	35%	85%
Operations that accept used oil from DIYers	79%	84%	85%	85%	87%	72%
Operations that accept used oil filters from DIYers	60%	65%	66%	72%	73%	15%
Operations that charge fee for accepting DIY oil/oil filters	5%	3%	2%	2%	2%	0%
Operations being paid for their used oil	93%	94%	95%	96%	91%	99%
Amount per gallon	\$0.52	\$0.54	\$0.76	\$0.51	\$0.53	\$0.64
Operations being paid for their used oil filters	4%	3%	4%	8%	4%	6%
Operations invoicing customers for environmental fees	28%	30%	22%	28%	19%	3%
Average amount	\$1.49	\$1.89	\$1.82	\$1.91	\$1.79	\$1.75
Per-gallon cost of highest volume bulk oil	\$6.41	\$6.45	\$7.68	\$7.96	\$7.66	\$6.30
Quarts included in standard lube, oil and filter	n/a	n/a	n/a	n/a	5.0	5.0
Average charge per quart for additional motor oil	n/a	n/a	n/a	n/a	\$3.56	\$3.86
Overall breakdown of motor oil sales:						
Conventional/synthetic blend	n/a	n/a	74%	72%	68%	70%
High mileage	n/a	n/a	9%	8%	10%	12%
Full synthetic	n/a	n/a	10%	10%	12%	9%
Diesel	n/a	n/a	7%	8%	8%	3%
Other	n/a	n/a	0%	2%	2%	6%
Operations that sell re-refined motor oil	n/a	n/a	n/a	5%	22%	9%
Percent of customers who purchase	n/a	n/a	n/a	n/a	4%	*
Overall breakdown of motor oil sales by weight/grade:						
5W-20	n/a	n/a	n/a	21%	24%	27%
5W-30	n/a	n/a	n/a	49%	46%	42%
10W-30	n/a	n/a	n/a	19%	17%	24%
5W-40	n/a	n/a	n/a	2%	2%	2%
15W-40	n/a	n/a	n/a	8%	9%	4%
Other	n/a	n/a	n/a	1%	2%	1%
Operations that sell premium air filters	n/a	n/a	n/a	n/a	38%	26%
Average charge	n/a	n/a	n/a	n/a	\$23.89	*
Operations that use lifts for oil changes	n/a	n/a	n/a	n/a	15%	6%
Operations that use pits for oil changes	n/a	n/a	n/a	n/a	85%	94%
Operations that use pit lifts for tire rotation	n/a	n/a	n/a	n/a	59%	95%

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

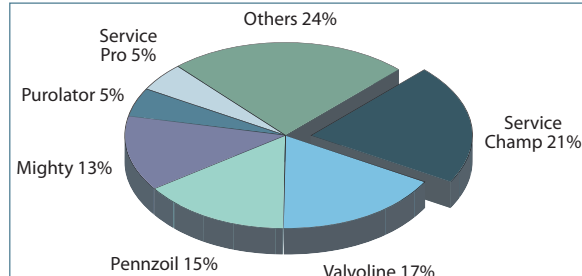
Best Selling Oil Filters

(Percentage of LT30 operators who listed each brand as their top-selling oil filter, 2010)



Best Selling Air Filters

(Percentage of LT30 operators who listed each brand as their top-selling air filter, 2010)



SERVICES

Percentage of survey respondents offering following services	2006	2007	2008	2009	2010		
	LT30	LT30	LT30	LT30	LT30	Average Charge	Percentage of Customers Who Purchase
Additive sales	87%	89%	89%	86%	88%	\$15.00	2.8%
ATF supplement	n/a	n/a	n/a	n/a	68%	\$16.28	2.2%
Chemical engine flush/oil system cleaner	77%	82%	85%	83%	87%	\$26.25	4.9%
Coolant treatment	n/a	n/a	n/a	n/a	47%	\$17.52	1.3%
Coolant stop leak	n/a	n/a	n/a	n/a	30%	\$14.93 [†]	1.3% [†]
Diesel fuel supplement/cleaner	n/a	n/a	n/a	n/a	46%	\$25.00	1.5%
Gear oil supplement	n/a	n/a	n/a	n/a	51%	\$13.40	1.4%
Oil stop leak	n/a	n/a	n/a	n/a	41%	\$13.58	1.4%
Pour-in fuel injection cleaner	n/a	n/a	n/a	n/a	78%	\$11.51	3.1%
Power steering treatment	n/a	n/a	n/a	n/a	41%	\$18.59	1.3%
Transmission stop leak	n/a	n/a	n/a	n/a	39%	\$15.67	1.1%
Air conditioner recharge	42%	46%	46%	47%	61%	\$79.14	3.0%
Air conditioner odor removal service	n/a	n/a	n/a	n/a	29%	\$43.60	0.9%
Air filter replacement	100%	100%	100%	100%	100%	\$17.76	13.7%
Brake pads/shoes	24%	26%	39%	40%	43%	\$145.14	2.8%
Brake fluid flush	n/a	n/a	n/a	34%	29%	\$69.01	1.3%
Breather replacement	82%	73%	78%	70%	70%	\$8.36	0.8%
Cabin air filter replacement	87%	90%	83%	88%	92%	\$35.50	3.8%
Check batteries	n/a	n/a	n/a	n/a	75%	n/a	15.7%
Differential service	95%	92%	84%	96%	94%	\$49.03	2.3%
Fuel filter replacement	82%	76%	83%	79%	86%	\$46.11	3.4%
Fuel injector cleaning (multi-stage)	82%	76%	88%	87%	81%	\$66.30	2.3%
Headlight restoration	n/a	n/a	n/a	43%	52%	\$52.15	1.0%
Light replacement	85%	83%	87%	85%	90%	n/a	6.2% [†]
Manual drain and refill of radiators	27%	31%	40%	49%	36%	\$52.20	1.9%
Mechanical full-block coolant flushes	92%	88%	91%	92%	90%	\$77.74	2.0%
Mechanical ATF exchange	88%	90%	90%	87%	94%	\$108.69	2.8%
Mechanized engine flush/cleaning	15%	8%	16%	28%	23%	\$71.08 [†]	1.4% [†]
Minor mechanical repairs	32%	34%	45%	43%	53%	\$107.76	5.8%
Nitrogen-based tire inflation	2%	6%	10%	22%	27%	\$27.93 [†]	1.3% [†]
Oil changes on Class 4 or larger commercial vehicles	21%	21%	31%	34%	28%	\$118.02	1.4%
Oil changes on motorcycles	7%	6%	11%	20%	13%	\$48.69 [†]	*
Oil changes on RVs	70%	67%	68%	81%	74%	\$55.12 [†]	*
PCV replacement	84%	78%	72%	78%	75%	\$9.76	*
Power steering flushes	48%	45%	60%	67%	68%	\$64.30	2.2%
Radiator, heater, A/C hose replacement	25%	30%	41%	47%	44%	n/a	1.0%
Repair rock chips in windshields	14%	24%	27%	15%	18%	\$41.03 [†]	2.5% [†]
Sell batteries	46%	56%	65%	69%	70%	n/a	1.7%
Serpentine belt replacement	89%	84%	86%	86%	89%	\$65.72	1.4%
Shock and strut replacement	16%	22%	24%	33%	31%	\$151.03	1.1%
Smog checks/emission testing	14%	20%	15%	13%	24%	\$34.14	19.5%
Spark plugs	24%	28%	38%	43%	37%	\$108.42	1.7%
Tire rotation	64%	64%	70%	78%	76%	\$19.14	5.8%
Tire sales	n/a	n/a	n/a	16%	21%	\$194.60 [†]	*
Transmission service (drain/refill manually)	58%	57%	61%	77%	58%	\$95.31	1.3%
Water-repellent glass treatments	30%	30%	27%	35%	30%	\$10.14	2.2%
Wheel balancing	19%	24%	23%	30%	27%	\$28.12	4.5%
Windshield wiper/blade replacement	99%	100%	100%	100%	99%	\$20.55	8.0%

* insufficient data to calculate n/a: question not asked † average from small sampling

INSURANCE

	2006	2007	2008	2009	2010	
	LT30	LT30	LT30	LT30	LT30	MT30
Workers' Comp rate (per \$100 of payroll) for techs	\$4.27	\$5.27	\$4.96	\$5.01	\$5.81	\$2.49
Per-store amount of Workers' Comp claims	\$507	\$492	\$249	\$129	\$257	\$911
Annual cost of insuring a fast lube facility	\$5,309	\$5,356	\$5,220	\$5,636	\$6,341	*
Average amount of per-store warranty work performed during preceding 12 months	\$1,068	\$1,444	\$1,053	\$971	\$1,155	\$1,742

ADVERTISING

Operators who send reminder cards to customers	50%	48%	47%	47%	51%	83%
Operators offering discounted reminder cards	66%	69%	77%	61%	72%	100%
Response rate	26%	26%	28%	25%	23%	34%
Percentage of customers who redeem coupons	18%	17%	21%	19%	23%	31%
Operators who advertise on the Internet	n/a	44%	44%	38%	54%	83%

KEYS TO SUCCESS

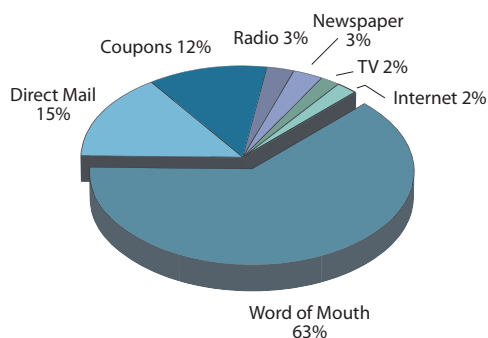
Factors that will determine future success of fast lube industry:

Customer service	69%	70%	64%	72%	63%	*
Quality employees	17%	16%	16%	21%	15%	*
Car counts	4%	10%	10%	3%	9%	*
Economy	0%	0%	0%	0%	4%	*
Cost of goods	4%	2%	5%	3%	3%	*
Competition	2%	2%	1%	1%	3%	*
Location	0%	0%	0%	0%	2%	*
Extended oil change intervals	4%	0%	4%	0%	1%	*

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

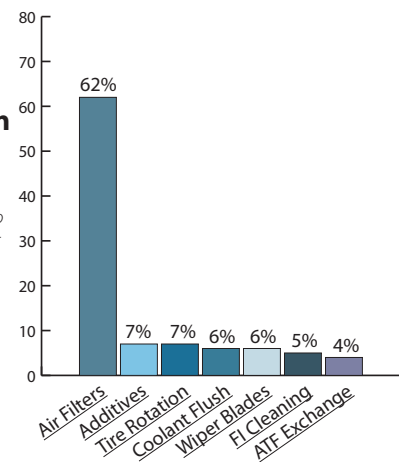
Best Advertising Method for Fast Lubes

(Percentage of LT30 operators who listed each type of advertising as their most effective)



Best Selling Add-on Services in Fast Lubes

(Percentage of LT30 operators who listed each add-on service as their "best-selling")



DID YOU KNOW?

- Roughly 10% of fast lube operations offer a time guarantee
- 19% of fast lube operations have customers wait inside their car during an oil change; 74% of operations have customers wait inside their waiting room during an oil change; and 7% of operations have customers wait inside their car or in their waiting room during an oil change
- 52% of fast lube operations have technicians drive vehicle into the bay; 48% of operations have customers drive vehicle into the bay
- Fast lube operators take an average of 14 minutes to change a customer's oil
- On average, 74% of fast lube business is from repeat customers
- 90% of fast lube operators mention 3,000-mile oil change intervals to their customers
- 85% of fast lube facilities are equipped with pits; 15% of facilities are equipped with lifts
- 71% of fast lube facilities' pits are equipped with safety covers
- Roughly one-third of lube shops are co-located with an on-site carwash
- Fast lube operators describe their customers as 80% average income, 13% high income and 7% low income
- About two-thirds of lube shops offer bundled service "packages" on their service menus
- 15% of lube shops are equipped with underground oil storage tanks; 85% are equipped with aboveground tanks (including basement-mounted tanks)
- In 1988, the year our first Operators Survey was conducted, average car count was 43.5 cars per day, average ticket was \$23.52 and the average price for a full-service LOF was \$19.98
- Industry-wide car count peaked in 1995 at 47.9 cars per day

Industry standards compiled from previous Fast Lube Operators Surveys.



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