

# Finish Line

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**GOLF  
OUTING  
RECAP, pg 4**



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# FROM THE PRESIDENT



By Joseph Chatel, *Ride the Tide Carwash*

Hello all,

We have had a jam packed 2019 so far, full of great MCA events. We have seen familiar faces and some fresh new blood join us for what seems to have been well received fun filled networking events. I am glad so many have participated.

Our new format, partnered with a renewed sense of belonging as a networking-first association, has ushered in a new era of carwashing in the Midwest. We know our industry well and having the chance to learn from one another can make all the difference.

The Board of Directors has worked tirelessly to adjust the way of life in the MCA and make up the differences between what wasn't working and what we thought would better the association for all. My goal is always to treat the MCA and it's membership as family. In my book there is nothing better than family gatherings and enjoying the camaraderie that follows.

We will have one more event to finish off the year prior to the wash season kicking into high gear. The Founders Brewing event offers a first class view into the Grand Rapids beer scene as we dive into conversations that don't always pertain to washing cars.

My hope is for the largest group yet when we gather October 24th. Please join us as we get ready to say goodbye to 2019 and brace for the next blast old man winter will no doubt provide.

As always, please feel free to reach out and let us know what the MCA can do for you.

Until next time,

~Joe

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# 2019 Annual Golf Outing

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# The Shift from Full-Serve to Express Models

*A case study of Phoenix shows how competition is affecting the marketplace.*

According to [www.azbigmedia.com](http://www.azbigmedia.com), the carwash industry is shifting from the traditional, full-service carwash to value-driven express washes, and this trend is especially apparent in Phoenix, which boasts over 100 express locations in its metro area alone.

As such, competition is becoming intense among operators to get more land and build more units, the article continued, and customers are getting more of what they want: choices, convenience and value.

The reasons for this shift, the article stated, include the following:

**LABOR:** The minimum wage has increased and will continue to do so. Coupled with stricter hiring practices and E-Verify, this has caused an economic and labor shortage crisis for those running full-serve carwashes. Furthermore, since tunnel cleaning technology has improved, there is less call for labor.

**CUSTOMER EXPERIENCE:** Express units currently outnumber full-serve units in Phoenix two to one, and many full-serves are adding express lanes to their carwashes to stay competitive. In addition, many operators are adding conveniences for customers such as pet washes, quick lubes, convenience stores, gas and more.

**SUBSCRIPTION SERVICES:** Subscription services allow for competitive pricing, and the monthly fee is the cost of one full-service carwash while providing more convenience and affordability. This illustrates that while the pricing model has decreased, services have increased, providing more value, which is what customers ultimately want.

There have been concerns that there is a bubble coming, the article noted, and this can be seen in

some areas of Phoenix where two or three different carwash companies operate within blocks of each other.

Despite the benefits of competition, such close proximity to one another will ultimately cause disruption and that market share will transfer as inferior and older locations will either be rebuilt by their owners or close, the article added.

This elimination will become more prevalent as the newer units come with state-of-the-art facilities that draw in more customers, the article stated.

As for what's next, operators will continue to look for new sites or older carwashes to remodel, and those that embrace change and focus on providing lower prices with higher value and convenience will rise to the top, the article concluded.

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# Vending: The Silent Salesman

*How ice and car care vending can be profitable for your carwash.*

By Meagan Kusek

If you don't have any type of vending at your carwash, you're missing out on an easy moneymaker. Two types of vending in particular — ice and car care items — have proven both popular and profitable at carwashes. Here is some advice from the experts on how to maximize the profit potential of each of these types of vending machines.

## ICE VENDING

Normally, when people think of carwashes, they don't think of ice vending — but don't let that deter you from getting into the business. In fact, ice vending at carwashes is more popular than you'd think.

According to Jeff Dyson, vice president of sales at Kooler Ice, roughly 15% to 20% of his company's machines are located at carwashes. "Past sales are generally a good indicator of the future. We believe the carwash industry is an excellent fit for ice vending machines. Adding an ice vending machine is an excellent way to increase revenues and to bring more customers to your carwash location, increasing your overall return on investment (ROI) on your property."

Why, though, is an ice vending machine a natural fit? Here are a few reasons:

- Both carwashes and ice vending machines cater to the same target audience and require a similar demographic.
- Carwashes already have highly visible real estate, and an ice vending machine is a great way to increase traffic. If you can attract 10,000 to 12,000 customers per year to buy ice, Dyson says, you have a great avenue to selling more washes, improving customer satisfaction and increasing your overall awareness in the community.
- The electric and water utilities needed for an ice vending machine are already available at a carwash. Furthermore, many owners use the existing reverse osmosis system to provide purified ice and water, eliminating the additional up-front investment for an integrated reverse osmosis system while both providing a superior product and reducing machine maintenance.
- Carwash operators are generally mechanically minded and already familiar with bill validators, coin exchangers, sensors and motors — all of which an ice vending machine has. Therefore, managing the upkeep of such a machine will not be very difficult.

Despite this natural fit, you still need to make potential customers aware of your ice machine. The first and most important aspect to this is putting the machine in a highly visible location as close to the road as possible to give potential customers a better chance of seeing it. On the other hand, it should also be close to the utility room. Moreover, it's best to make sure there is a spacious area around the machine to make access easy, especially for larger vehicles. Ideally, if you can position the machine so that there is a simple entrance and exit pathway and customers don't have to turn around, you'll be better off.

"Bottom line: Convenience is key and a major reason why customers will use the machine. They want to be able to get into the property, purchase their ice and be on their way as quickly as possible," Dyson notes.

As far as marketing promotions go, you can expect your initial months to consist of strong word-of-mouth advertising. However, to help promote this, Dyson suggests hosting a three-to-four-hour grand opening, where you give out free food and drinks with ice to show off your machine and show customers how to use it.



Furthermore, you can engage in cross-promotions. Brad Lefkowitz, vice president of Bag of Ice, states, "Carwashes can get traffic to their ice vending machines through cross-promotions and giving out coupons to their existing clientele, such as nearby restaurants, sports teams and other businesses that frequently purchase ice. Cross-promotions like 'free bag of ice with carwash' or 'free ice days' on alternating slow days get customers accustomed to using the machine."

You can also send out flyers and mailers to help raise awareness. Signage is another great way to promote your ice, and some companies, according to Dyson, will assist you with this or have materials on hand for you to use so that you don't have to hire a graphic designer.

To keep a machine running at peak performance, Dyson recommends performing preventative maintenance every six months (or hiring a technician to do so). Day-to-day or week-to-week upkeep entails replacing bags, removing cash/coins from the machine and wiping down the bill validator, coin exchanger and outer plastic.

Dyson also recommends, "Make sure it is equipped with a robust monitoring system that provides you with a way to see what is going on with the machine whenever and wherever you are. This simplifies upkeep and removes a lot of the guesswork." For instance, he adds, some of these machines can communicate through iPhone, Android or desktop systems, allowing you to check bag inventory, cash and coin deposits, machine status, and alerts for bill and coin jams and the ice machine itself.

"Having a high-quality, two-way monitoring system on the machine will simplify machine management, eliminate employee theft and enable you to always know information regarding your machine's performance," Dyson notes.

In the end, however, purchasing an ice vending machine requires the same due diligence as any other piece of equipment: an analysis of your site, the local market, the return on investment and your goals as a carwash owner.

"Carwash owners also need to determine which ice vending machine features, such as water vending and the ability to bulk and/or bag vend, will be successful in their market. Talking to an ice machine manufacturer is the best way to determine the options that will be the most profitable for them," Lefkowitz concludes.

## CAR CARE VENDING

While ice vending can help bring additional customers to the wash, car care vending takes advantage of the customers you already have on-site.

According to Keith Lutz, vice president of Kleen-Rite Corp., "We look at vending as the 'silent salesman' at the carwash location. Focusing on carwash vending items, such as towels, trees and dressings, allows the operator to get an incremental increase from each customer that uses their facility. Vending will be a percentage of volume, so more customers will equal more vending."

Having a vending machine also allows customers to complete their carwashes to whatever levels of satisfaction they desire. In order to offer the best experience potential for each customer, Lutz recommends having the following products in your vending machine at a minimum:

- Drying towels (microfiber, terry or cloth)
- Air fresheners
- Glass cleaner
- Tire/trim dressing
- Interior wipes.

## Vending

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The rule of thumb for pricing these items is generally double what you paid for them.

Unlike ice machines, these vending machines don't need to be in sight of the road. Still, they need to be somewhere highly visible on your lot and in an easily accessible location. Many operators of express sites put them near the vacuums, while those at self-serve sites put them near the change machine.

If your site and volume allow for it, you could potentially put vending machines in both areas.

"Many operators create a vending area by using canopies to draw attention — and hopefully the customer — to the area," Lutz adds.

Lutz also advises getting glass fronts, like on snack machines. This way, customers can see the product before purchase, which tends to help with the sale of items. Fully stainless steel vending machines are also a favorite with many operators, as they last for years — decades, even. While the coin mechanism may need to be replaced occasionally, the body

stays intact and reliable. However, when using stainless steel venders, Lutz does recommend one bit of often unheeded upkeep: replacing exterior decals. Doing so will keep the machine looking new and inviting, as well as give the customer an accurate expectation of products contained inside. These low-cost decal upgrades are a small price to pay for an otherwise self-sustaining profit center.

"Vending is often overlooked by many operators," Lutz concludes. "We can tell you that good operators with the highest volume locations who put an effort into their vending program also sell the most product and achieve the best return for their efforts. We go back to the term 'silent salesman' — fill the vending machine, put it in a highly visible location and reap the rewards on your investment."

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## Join the MCA Board of Directors

Each year the MCA looks to its members for individuals who are willing to be decision makers in advancing the direction of the association; provide input in developing our goals, policies and services; and to act as representative of the MCA to help the MCA membership expand always in all ways. This is your invitation to have an active role in your association and industry as a member of the MCA Board of Directors.

Eligibility for the MCA Board requires that you are a paid member in good standing of the MCA for 2020 and directly involved in operating or owning a car wash or provides services or products specific to the car wash industry. New Board Members are voted in by the current Board Members.

If you would like more information about joining the board visit our website [www.MidwestCarwash.com](http://www.MidwestCarwash.com) or email [info@MidwestCarwash.com](mailto:info@MidwestCarwash.com).



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