

# **2003 *Fast Lube* Operators Survey**

*(as published in the September 2003 issue of NOLN)*



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# 2003 Fast Lube Operators Survey

## General

Survey results for 2003 are shaded and are presented to the right in two categories. The first of the two gold-shaded columns indicates results for operations reporting "Less than 30 stores." The second indicates results for those operations reporting "More than 30 stores." Results for 1999, 2000, 2001 and 2002 are for reference only and represent operations reporting "Less than 30 stores." The responses account for 4,274 facilities and include fast lube stores operating in all 50 states.

## Operations

	1999	2000	2001	2002	2003	
	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 .....	81%	85%	84%	87%	85%	40%
Franchised facilities .....	19%	15%	16%	13%	15%	60%
Have attended a fast lube industry trade show .....	70%	68%	66%	60%	52%	36%
Member of fast lube trade association .....	63%	57%	59%	66%	55%	35%
Years in the fast lube business .....	7.1	7.6	8.1	8.9	8.2	17
Number of facilities per response .....	1.9	2.1	2.0	1.9	1.8	350
Number of bays per facility .....	3.0	3.0	2.8	2.7	3.0	3.4
Time guarantee: <i>In 2003, 5% of operators offered a time guarantee. The average was 15 minutes.</i>						
Fast lubes within three miles of respondent .....	2.2	2.4	2.4	2.5	2.4	2.1
Oil change facilities within three miles of respondent .....	6.7	6.4	5.4	6.3	5.5	2.8
Competitors discounting their oil changes .....	87%	90%	83%	88%	81%	100%
How much .....	\$4.58	\$4.81	\$4.94	\$4.88	\$4.75	\$6.80
Operators discounting their own oil changes .....	61%	55%	62%	58%	67%	94%
How much .....	\$3.55	\$3.39	\$3.59	\$3.31	\$3.51	\$5.12
Population within three-mile radius of best store .....	40,388	38,051	28,324	33,775	33,534	*
Daily traffic count in front of best store .....	n/a	n/a	n/a	n/a	21,755	*
Customer base: low income .....	9%	6%	5%	6%	11%	0%
average income .....	79%	77%	81%	82%	80%	89%
high income .....	12%	17%	14%	12%	9%	11%
Customer base that is female .....	n/a	n/a	51%	50%	50%	52%
Number of stores operator will open in next 12 months .....	0.5	0.4	0.4	0.3	0.3	19
Operators who offer basic, low-cost LOF service .....	n/a	n/a	n/a	37%	26%	10%
How much? .....	n/a	n/a	n/a	\$22.51	\$21.89	\$19.95
Price of standard, full service LOF and multipoint check .....	\$24.18	\$24.71	\$25.35	\$26.86	\$26.71	\$29.13
Cost of goods for standard, full service LOF .....	\$7.98	\$8.29	\$8.54	\$8.40	\$8.73	\$6.62
Time required to perform a LOF .....	n/a	11 min	11 min	11 min	11 min	11 min
Operators who offer up-scale/premium LOF .....	n/a	68%	70%	63%	63%	70%
Price, if offered .....	n/a	\$36.37	\$38.03	\$43.82	\$44.33	\$49.32
Operators increasing LOF price in the past 12 months .....	29%	72%	66%	34%	51%	60%
How much? .....	\$1.39	\$1.43	\$1.46	\$1.49	\$1.47	\$1.35
Ticket total .....	\$32.55	\$35.25	\$36.66	\$38.51	\$39.18	\$48.27
Number of cars serviced per day .....	41.6	40.6	41.4	40.3	37.6	40.7
Break-even car count .....	28.9	26.6	26.7	25.8	24.8	28.1
Hours open each week .....	59	59	59	59	57	64
Days open each year .....	n/a	n/a	320	320	315	332
Percent of business that is repeat .....	n/a	69%	70%	72%	73%	74%
Operators who own their building/land .....	n/a	n/a	n/a	n/a	73%	*
Operators who lease their building/land .....	n/a	n/a	n/a	n/a	27%	*
Building costs for most recent fast lube (if owned) .....	\$292,478	\$277,366	\$273,857	\$293,853	\$296,681	\$466,000
Cost for leasing building/land (per month) .....	n/a	n/a	n/a	n/a	\$3,600	*
Land costs for most recent fast lube .....	\$158,500	\$167,664	\$145,177	\$152,088	\$162,866	\$250,000
Equipment costs for fast lube .....	n/a	n/a	n/a	\$55,822	\$43,166	\$56,800
Mention 3,000-mile oil change intervals to customers .....	88%	78%	81%	77%	89%	89%
Operators planning to sell their facilities next year .....	n/a	7%	8%	8%	6%	0%
within five years .....	n/a	24%	21%	25%	21%	0%
Operators reporting customers extending o/c intervals .....	70%	79%	83%	80%	85%	100%
Miles customers drive between oil changes .....	4,445	4,397	4,409	4,317	4,372	4,597
Portion of overall sales made up of fleet accounts .....	n/a	n/a	11%	10%	11%	6%
Average number of vehicles per fleet .....	n/a	n/a	n/a	6.5	7.6	13.8

\* insufficient data to calculate

n/a - not asked

## Employees

	1999	2000	2001	2002	2003	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Average length of employment for managers	4.0 yrs	4.3 yrs	4.9 yrs	4.6 yrs	4.7 yrs	3.7 yrs
Average length of employment for technicians	1.7 yrs	1.9 yrs	2.1 yrs	2.0 yrs	2.0 yrs	1.2 yrs
Average hourly rate paid to lube techs	\$6.90	\$7.36	\$7.75	\$7.75	\$8.00	\$8.50
Average annual salary paid to managers	\$28,721	\$31,000	\$32,416	\$32,519	\$32,850	\$41,103
Average annual salary paid to owners (if full-time employee)	n/a	n/a	n/a	\$54,835	\$48,619	*
Operators testing employees for drugs	n/a	27%	31%	27%	28%	94%
Hours of formal training employees receive per year	28	27	27	23	30	29
Operators offering incentive-bonus program	83%	78%	86%	78%	73%	100%
Operations that perform background checks on employees	n/a	n/a	n/a	95%	92%	96%
Operations that use surveillance cameras	n/a	n/a	n/a	22%	21%	28%

## Carwash

	1999	2000	2001	2002	2003	
	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 lube operations offering on-site carwashes	34%	26%	33%	26%	32%	*
Type of carwash:						
Full service	24%	34%	31%	19%	34%	*
Exterior tunnel	16%	9%	21%	18%	28%	*
In-bay automatic	44%	46%	44%	49%	34%	*
Self-service spray	n/a	11%	4%	14%	4%	*
Percentage offering free carwash with lube service	56%	51%	42%	34%	60%	*
Operators planning to add a carwash to an existing fast lube	22%	27%	22%	25%	17%	*
Type of carwash:						
Full service	23%	15%	27%	13%	11%	*
Exterior tunnel	22%	24%	31%	34%	63%	*
In-bay automatic	42%	57%	38%	50%	23%	*
Self-service spray	13%	4%	3%	3%	3%	*
Operators offering detail work	14%	12%	10%	10%	10%	*
Impulse/vending item sales	35%	30%	24%	24%	24%	*
Monthly gross income from impulse/vending items	\$456.00	\$839.00	\$455.25	\$360.28	\$403.11	*

## Profitable Services

	1999	2000	2001	2002	2003	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
<b>Most profitable add-on service</b>						
ATF exchange	53%	48%	49%	38%	37%	26%
Air filter replacement	7%	6%	13%	15%	17%	0%
Fuel injection cleaning	9%	5%	10%	13%	10%	3%
Tire rotation/repair	5%	9%	8%	13%	13%	70%
Additive sales	*	3%	2%	5%	3%	0%
Radiator flush	4%	5%	9%	4%	11%	1%
Belt replacement	3%	7%	7%	4%	5%	0%
Differential service	*	3%	4%	4%	2%	0%
Wiper blade replacement	5%	2%	6%	*	2%	0%
<b>New services planned for next year:</b>						
Cabin air filter replacement	3%	8%	19%	23%	30%	62%
Power steering fluid flush	3%	6%	14%	20%	18%	0%
Glass treatment/repair	16%	14%	8%	16%	24%	0%
Carwash	4%	10%	14%	10%	3%	38%
Air conditioner service	8%	9%	9%	8%	7%	0%
Tire rotation/balance	38%	15%	8%	8%	10%	0%
Mechanical engine flush	*	7%	5%	4%	2%	0%
ATF exchanges	12%	4%	8%	3%	2%	0%
Coolant flush	*	6%	4%	3%	3%	0%

\* insufficient data to calculate      n/a - not asked

## Insurance

	1999	2000	2001	2002	2003	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
Workers' Comp rate (per \$100 of payroll): for techs	\$4.28	\$3.96	\$3.98	\$4.44	\$4.30	\$4.24
for clerks	\$2.44	\$1.70	\$1.59	\$1.46	\$1.43	\$0.91
Per-store amount of Workers' Comp claims: Less than \$1,000	n/a	n/a	n/a	n/a	94%	*
More than \$1,000	n/a	n/a	n/a	n/a	6%	*
Annual cost of insuring a fast lube facility	\$4,806	\$4,361	\$4,186	\$5,497	\$5,957	\$5,600
Amount of per-store warranty work performed during preceding 12 months	n/a	n/a	n/a	\$1,649	\$1,350	\$2,264

## Keys to Success

	1999	2000	2001	2002	2003	
	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	Less than 30 stores	More than 30 stores
<b>Factors that will determine future success of fast lube industry:</b>						
Customer service	31%	25%	49%	54%	55%	*
Quality employees	20%	21%	23%	21%	18%	*
Car counts	10%	9%	12%	8%	12%	*
Cost of goods	*	11%	8%	8%	7%	*
Competition	21%	12%	4%	4%	5%	*
Extended oil change intervals	16%	8%	4%	5%	3%	*

## Advertising

	1999	2000	2001	2002	2003	
	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%	5%	6%	4%	4%	4%
Percentage of that figure that is co-op	26%	24%	29%	19%	22%	3%
Operators that send reminder cards to customers	72%	73%	58%	63%	50%	90%
Operators offering discounted reminder cards	72%	72%	78%	73%	75%	100%
Response rate	n/a	n/a	n/a	35%	38%	22%
Operators using Internet to advertise services	23%	44%	47%	23%	21%	100%

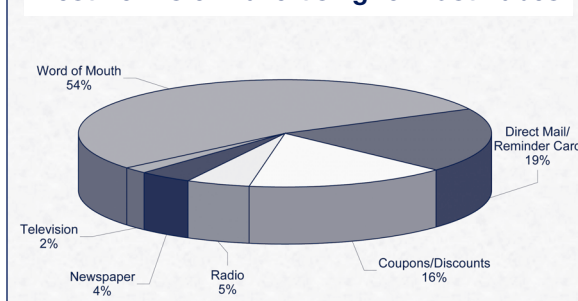
### Other than advertising and coupons, operators' most successful promotions:

Word of mouth	53%	9%
Promotional discounts	12%	55%
Signage	12%	18%
Carwash	10%	0%
Community involvement	10%	18%
Radio remote	3%	0%

\* insufficient data to calculate

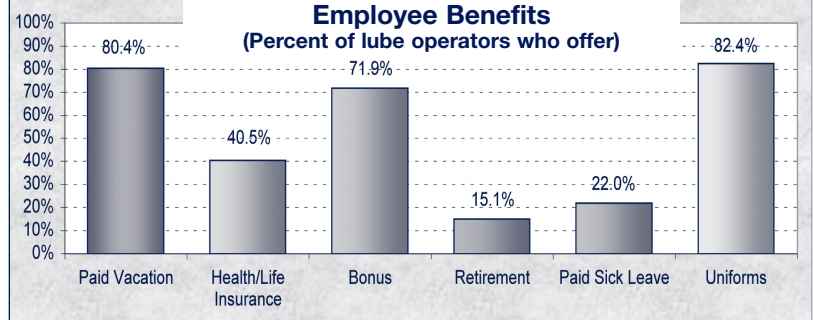
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### Best Forms of Advertising for Fast Lubes



### Employee Benefits

(Percent of lube operators who offer)



# Sales

1999

2000

2001

2002

2003

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 (avg. number of employees):

\$0-200,000	8% (4.1 emp.)	9% (3.9)	10% (3.9)	10% (3.9)	15% (3.4)	0%
\$200-400,000	30% (5.5)	31% (5.8)	26% (5.7)	42% (5.3)	37% (5.1)	13% (5.0)
\$400-600,000	32% (8.5)	38% (7.3)	32% (7.3)	27% (7.5)	24% (6.8)	38% (7.0)
\$600-800,000	30% (11.9)	22% (9.5)	31% (9.9)	9% (8.7)	14% (8.1)	38% (9.5)
\$800-up	n/a	n/a	n/a	12% (10.7)	11% (10.4)	13% (14.0)

# Oil & Equipment

1999

2000

2001

2002

2003

Less than  
30 stores

Less than  
30 stores

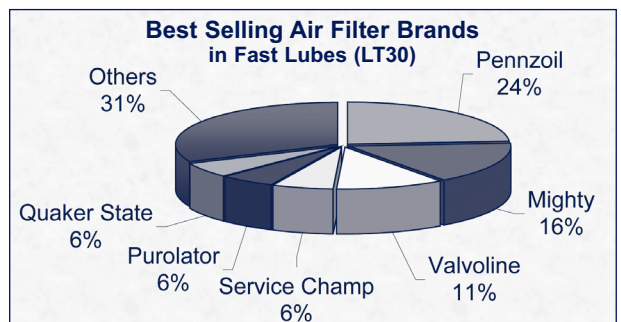
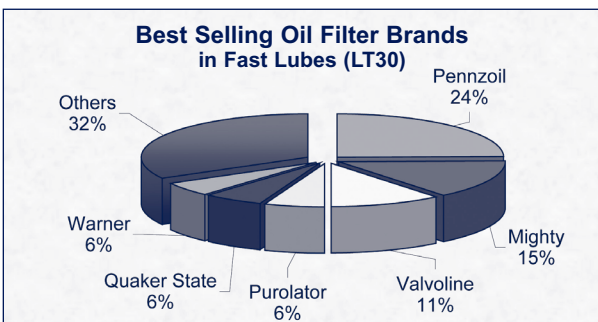
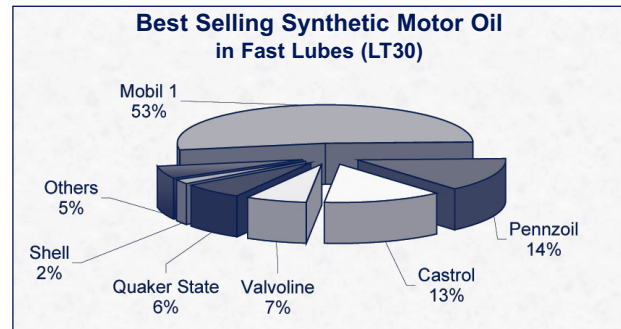
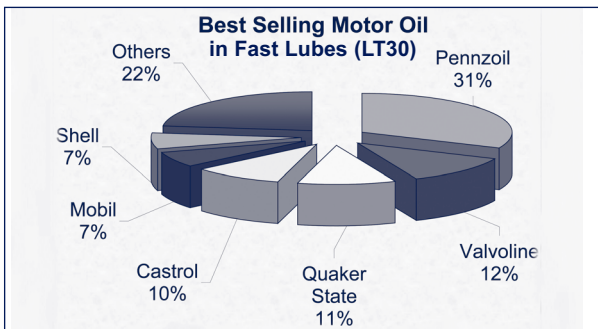
Less than  
30 stores

Less than  
30 stores

Less than  
30 stores

More than  
30 stores

Total sales represented by #1 brand of motor oil	77%	81%	81%	81%	81%	87%
Customers committed to a specific brand of motor oil	56%	56%	46%	45%	42%	17%
Percent of operators who equate oil brand with success	n/a	n/a	n/a	n/a	63%	50%
Operations that implement used oil for heating purposes	30%	23%	28%	29%	24%	21%
Facilities equipped with lifts	35%	26%	28%	28%	33%	8%
Facilities equipped with pits	93%	94%	91%	94%	93%	99%
Percentage of pits equipped with safety covers	62%	65%	70%	72%	73%	86%
Facilities using evacuation systems for oil changes	16%	9%	12%	6%	9%	1%
Facilities using a filter crusher	57%	44%	52%	46%	45%	74%
Operations that have had gov't tank inspections	29%	39%	39%	34%	39%	96%
Type(s) of tank(s) used: Underground	17%	15%	11%	12%	15%	0%
Aboveground	83%	85%	89%	88%	85%	100%
Responses from states that have an environmental tax on motor oil	33%	46%	41%	37%	34%	*
Operations that use scrap metal haulers	18%	28%	29%	27%	26%	12%
Operations that accept used oil from DIYers	68%	72%	71%	75%	76%	100%
Operations that accept used oil filters from DIYers	44%	45%	52%	52%	54%	98%
Operations that charge fee for accepting DIY used oil/oil filters	9%	8%	4%	7%	8%	0%
Operations being paid for their used oil	32%	45%	57%	65%	65%	99%
How much?	n/a	n/a	\$0.12	\$0.12	\$0.13	\$0.19
Operations that invoice customers for environmental fees	32%	45%	44%	42%	48%	93%
Average amount	\$1.11	\$1.19	\$1.32	\$1.30	\$1.51	\$1.52
Per-gallon cost of highest volume bulk oil	\$3.23	\$3.78	\$4.20	\$4.13	\$4.48	\$3.97
Operators recycling antifreeze	43%	49%	60%	56%	61%	30%
Customers that buy synthetic lubricants	6%	6%	7%	7%	7%	7%
Percentage of business that is oil change	83%	84%	79%	76%	75%	67%
Offer service packages	n/a	n/a	63%	54%	55%	78%



# Services

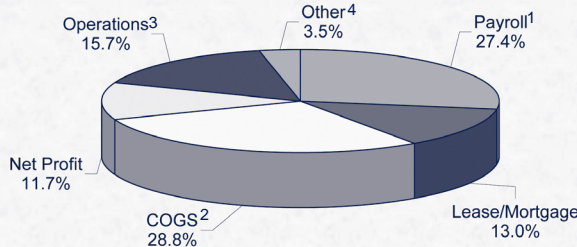
1999 2000 2001 2002

2003

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
Air filter replacement	n/a	n/a	100%	100%	99%	\$13.36	26%	100%
Windshield wipers/blades replacement	96%	96%	97%	99%	99%	\$16.41	12%	100%
Oil monitoring device reset	85%	84%	88%	94%	96%	n/a	n/a	98%
Differential service	95%	97%	96%	96%	95%	\$26.70	5%	100%
Breather replacement	95%	94%	93%	90%	85%	\$5.32	3%	100%
Mechanical ATF exchange	76%	78%	91%	86%	85%	\$78.74	7%	100%
Serpentine belt replacement	75%	79%	87%	80%	84%	\$53.36	4%	100%
Additive sales	89%	89%	84%	89%	83%	\$12.37	9%	100%
PCV replacement	87%	85%	88%	84%	82%	\$6.30	4%	100%
Mechanical full-block coolant flushes	74%	73%	81%	79%	81%	\$55.13	5%	100%
Clean windshields	79%	69%	81%	79%	76%	n/a	n/a	79%
Oil changes on RVs	90%	74%	75%	75%	76%	\$42.29	n/a	80%
Light replacement	69%	66%	79%	72%	75%	n/a	5%	78%
Fuel injector cleaning	73%	65%	75%	70%	74%	\$53.26	6%	99%
Fuel filter replacement	52%	58%	66%	63%	72%	\$32.54	6%	100%
Cabin air filter replacement	42%	39%	44%	42%	70%	\$34.60	3%	99%
Transmission filter replacement	74%	75%	80%	77%	68%	\$62.77	5%	78%
Chemical engine flush	60%	62%	62%	68%	68%	\$13.50	5%	100%
Manual transmission service	94%	95%	75%	70%	63%	\$48.18	5%	76%
Synthetic transmission fluid sales	41%	46%	63%	59%	62%	\$5.79	2%	34%
Tire rotation	52%	49%	59%	53%	58%	\$15.97	6%	99%
Vacuum customers' cars	63%	51%	56%	61%	55%	n/a	n/a	71%
Maintain/replace batteries	n/a	40%	41%	36%	45%	n/a	3%	77%
Radiator, heater, air conditioner hose replacement	n/a	n/a	26%	28%	37%	n/a	3%	5%
Minor mechanical repairs	30%	25%	27%	31%	36%	\$80.81**	4%	5%
Air conditioner recharge	35%	29%	39%	32%	35%	\$74.09	5%**	99%
Power steering flushes	n/a	18%	30%	26%	33%	\$52.16	4%	15%
Manual drain and refill of radiators	76%	69%	36%	36%	32%	\$41.09	5%	15%
Water-repellent glass treatments	34%	42%	45%	34%	32%	\$9.79	3%**	76%
State inspections	29%	21%	26%	23%	30%	n/a	n/a	94%
Tune-ups	24%	23%	22%	25%	27%	\$82.33	4%	12%
Brake service	24%	19%	21%	20%	24%	\$120.88	4%**	5%
Perform oil changes on commercial vehicles	n/a	n/a	n/a	n/a	22%	\$99.00**	*	28%
Wheel balancing	26%	19%	19%	17%	20%	\$16.45	*	27%
Shock & strut replacement	16%	15%	16%	14%	20%	\$68.84**	3%**	1%
Mechanized engine cleaning system	13%	10%	12%	15%	17%	*	*	66%
Air conditioner repair	13%	13%	15%	16%	16%	*	*	12%
Windshield repair	8%	7%	10%	8%	14%	\$40.79**	4%**	0%
Smog checks/emission testing	22%	9%	10%	13%	12%	*	*	78%
Tire sales	n/a	5%	8%	8%	12%	*	*	1%
Oil changes on boats	16%	8%	14%	15%	10%	\$34.75**	n/a	1%
Oil changes on motorcycles	13%	8%	10%	12%	7%	\$31.18**	n/a	0%
Gas sales	3%	4%	3%	4%	3%	*	*	0%

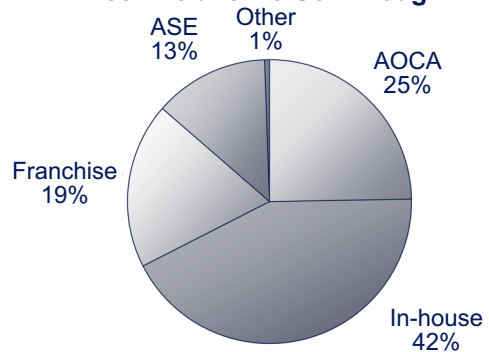
\* insufficient data to calculate \*\*calculated from sampling rate of less than 10% n/a - not asked

## Portion of Gross Sales Used For:



<sup>1</sup> Includes all payroll (taxes included), salary of owner (if "hands-on" employee), unemployment taxes, workers' compensation, health insurance, bonuses, etc.  
<sup>2</sup> Includes materials and supplies necessary to perform services.  
<sup>3</sup> Includes utilities, maintenance, company insurance, advertising, franchise fees, uniforms, freight, postage, administrative costs, office supplies, non-income taxes, etc. used to operate business on a day-to-day basis.  
<sup>4</sup> Dues, subscriptions, warranties, travel/entertainment, etc.

## The 42% of Fast Lube Operations that Certify Technicians Do So Through:



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