

WASH TRENDS

a national publication for savvy carwash owners and suppliers

The Express Exterior Concept...Is It For You?

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Over the years, there has been a great deal of confusion and misinformation regarding the Exterior CarWash Industry. Andy and I have been in the carwash industry for over 40 years. We both feel, in order to better understand the various opportunities available to potential investors, we need to review the past to decide if the Exterior Wash concept is a potentially viable venture.

When the exterior concept was first brought to market, it was a new process that solely washed a vehicle's exterior. This process, unlike full service car washing, charged considerably less and did not touch the interior of the vehicle. More recently, the term Exterior Washing was updated as Express Exterior Washing. They mean the same thing.

In today's marketplace, the Express Exterior concept has evolved into a wide variety of marketing and pricing concepts. At first glance, they may look attractive, but may also dramatically affect bottom line profits for the carwash operator. Hopefully, this quick review of the history of the Exterior concept will give you better insight as to whether it is the right investment opportunity for you.

In the late '60s and '70s, two major manufacturers of carwash equipment, Hanna and Sherman, both owned and operated a number of full service car washes.

These two companies, independently of each other, experimented with the exterior only concept. They developed smaller facilities that required less land, and could be operated with as few as one to three employees. Unlike full service washing that required large parcels of land, a minimum of 10-50 employees, untold management headaches and a substantially larger investment for building and site improvements, the exterior concept radically reduced these negatives. The Express Wash could wash more cars per hour with less labor, less employees and less investment. While the average ticket compared to a full service wash went down, the volume increase that could be processed through an exterior-only wash created a bottom line profit that was very attractive.

They were first called Mini-Washes. After building a number of these washes, Hanna felt the financial success of the Mini- Washes proved to

be a viable concept. With that in mind the concept was presented to the major oil companies as a good way to improve the volume of gasoline they were selling by offering a free or reduced price car wash when customers filled their tank.

In 1969, both Hanna and Sherman sold their separate concepts to the major oil companies. It wasn't long before every major oil company was installing exterior carwashes. Prior to the Mini-Wash introduction, oil companies installed a few full service washes. When the exterior concept took hold, for every full-service being constructed, twelve to fifteen Exterior Washes were constructed.

Eventually, the in-bay rollover exterior wash also gained popularity. Though it could not produce the volume of an exterior conveyORIZED wash, it allowed the oil companies to deliver an exterior wash with no labor involved. Via this concept, the consumer purchases his wash at the pump, or at a machine that accepts cash, tokens or credit cards. The car is stationary while the machine washes and rinses the car. This process typically takes five minutes. It limits the exterior wash capability to about ten to twelve cars per hour. In contrast, the typical Express conveyor can wash from 60 to 150 cars per hour. The rollover is referred to as batch processing, where the conveyor is referred to as a production line.

What Made The Exterior Wash Concept Possible

The wrap-around brush was the key element that made the exterior concept possible. This set of brushes could automatically wash the front, sides and rear of the vehicle. It eliminated the hand labor it normally took to wash these surfaces. The eventual design of a complete set of wash components that could wash the exterior of vehicles with little or no pre-prepping helped launch the express exterior concept. Currently, it is the most popular way cars are washed in a wide variety of car wash locations. The Exterior Express concept, when tied to a great location, is one of the best financial opportunities in today's marketplace.

Prelude to The Present

In the early days of the exterior concept, Andy Pazz worked as a Regional Sales manager for Hanna Car Wash Systems, based in Houston, Texas. That was where most of the major oil companies had their corporate headquarters. Under the direction of Chuck Sasse, the National Account manager for Hanna, Andy and five other Regional Managers called on and presented the exterior concept to the engineering and marketing personnel of the oil companies.

To demonstrate the concept, Andy and his counterparts would fly key oil company personnel on Hanna's Lear Jet to view the 27 exterior wash locations that Hanna was operating in Portland, Oregon.

Not only did these visitors view actual operating units, Hanna made available the wash volumes and bottom line profits these units were producing. We were also able to provide a complete site analysis and market survey for any given location the oil company may have

considered for a car wash.

Hanna was the first to make this valuable tool available. In essence, it predicted the potential volume of washes that could be expected from any given location, provide a capital budget for the project and a projected operating statement for that particular location.

In the past, carwash manufacturers were simply selling equipment because the oil companies were buying. The advent of site analysis, similar to the investment analysis done by the real estate departments of the oil companies, allowed for a professional study of the site. If it didn't pencil, we recommended the client look for another site.

In truth, there are only three things you need to be successful in car washing, LOCATION, LOCATION, and LOCATION.

This same site analysis and market study has become a standard preinvestment tool in the carwash industry. Potential investors in a carwash venture receive this free service for the carwash distributor who represents the wash equipment of any reputable manufacturer. This pioneering site analysis tool translated into an incredible amount of multiple wash equipment sales.

In the early 1970s, Andy was instrumental in securing the first large oil company wash sale from Gulf Oil. Gulf ordered 18 exterior wash packages. The deal was worth in excess of \$1,900,000.00.

Now, individual investors are duplicating what the oil companies pioneered the past three decades.

The Express concept is alive and well today, and there are many successful investors all over the country who have capitalized on this viable business concept.