



Considering a Monthly Wash Pass Plan

Is adding a monthly wash pass plan the right option for your car wash? If you are asking yourself this question, you are not alone. Many operators are investigating options and trying to determine if this business model is right for their car wash location(s). The big question everyone wrestles with is, “will I make more money?” What you instinctively know is that you will wash more cars, but what you don’t know is if you will make more money. You already know if you wash more cars, but make the same amount of money, that is a losing proposition as you just decreased the life of your equipment through added wear and tear. You need a platform that delivers profitability, not just volume.

Idle Capacity

The first consideration is whether you have idle capacity. If you are already maxing your wash counts, proceed cautiously. If you operate a tunnel wash and are regularly near your maximum annual wash volume, the odds of increasing your profitability by adding a monthly wash pass program are low. If you have a market consideration like a new operator entering your area, keep reading. If you operate an in-bay automatic, and are maxing your annual wash counts, you might consider pursuing an after-hours wash plan approach. Or, simpler yet, assuming your pay station supports it, program your pricing for night-washing rates. You won’t make as much per vehicle, but you are certain to still make money on every wash. If you know you need to get familiar with the monthly wash plan program, go with a provider that can support time based monthly wash plans and limit the usage on the plan. For example, you can sell a monthly wash pass, but it is only good from 7:00pm to 8:00am and the plan is only good for X number of washes per month or X number of washes per day tied to a specific vehicle. In this way, you will limit your downside risk, become familiar with monthly wash plan marketing and management, and prepare your site for any future monthly wash plan needs as market conditions dictate. If your market requires unlimited washing, then go “unlimited” and make sure you have controls to fight fraud or abusers.

App-Only or Integrated Hardware

If you have plenty of idle capacity, your next consideration is to start small or go with a fully integrated and automated platform. For attended car washes, the cheapest option for monthly wash plans is smartphone monthly wash plan sales and redemption. This is called the app-only option. The car wash operator requests a branded app for his business that sells monthly wash passes. When a consumer purchases a monthly wash plan for your car wash in your app, the consumer simply presents his monthly wash pass bar code from the app to your attendant. The attendant scans the bar code and is presented with the type of wash the consumer should receive. This option is great because it does not require any capital expenditure and can be up and running in a matter of days. There is no integration work required as everything runs virtually. The drawbacks to this option relate to the sales process, the redemption process, and the risk. In terms of the sales process, the consumer must download an app before he can purchase a monthly wash plan. Because of this, you will not capture the impulse buyer. Unfortunately, the impulse buyer is going to be your least frequent washer and therefore your most profitable customer. The redemption process for an app-only based program requires an attendant to redeem the wash. If you don’t have an attendant, you can’t have an app-only based plan. Finally, an app-only program cannot limit the consumer to only washing 1 vehicle without manual policing. (think staring at endless hours of video surveillance) To compensate for this, the car wash operator must price



the monthly wash plan higher than other car wash operators that have plans that limit the consumer to only washing 1 vehicle per wash plan. The good news is if you start small with an app-only based plan, you can quickly shift to an integrated plan for a reasonable capital purchase. The key to being able to do this efficiently is selecting a provider that supports both options on a single platform so there is no database conversion. You don't want to make a change and make everyone of your customers sign up again.

Integrated Hardware Options

The integration of hardware and software is the new sweet spot for monthly car washing plans. Integrated hardware/software options permit the car wash operator to get the best of an online world for social media advertising while actively engaging every customer that drives onto your car wash property. Integration between your app experience, pay station, and online presence is critical for running an optimal program. When these platforms are integrated, the car wash operator can sell a pass online or at a pay station without the need for any human intervention. The new model of cell phone penetration is ingrained into our society. Couple cell phones with vehicle identification technology, and we now can sell monthly wash plan passes on a user's cell phone, or at a physical pay station, and we are able to link that purchase to a specific car. This means new pay stations can deliver a monthly wash pass plan without the need for the old-style RFID sticker being installed. The beauty of this is that no salesman or car wash attendant is required so these plans can work across attended tunnel washes or 24x7 unattended in-bay automatic car washes. The importance of a 1:1 relationship between monthly car wash plan purchase and vehicle cannot be understated. Your profitability depends on it.

Management

For those that have never managed a monthly pass program, the idea of having to manage a customer relationship can sound exciting or overwhelming. The point of sale platform you pick is going to determine whether you stay excited through the life of your monthly pass program or become overwhelmed by the amount of time it takes to manage a customer relationship. Consider these areas that require support in a monthly pass program: 1) pass distribution, 2) app support for the car wash customer, 3) pass management - cancelling/suspending/renewing/updating payment info/vehicle changes, 4) fraud mitigation.

Pass Distribution - In our current world, there is no reason to deploy decades old RFID sticker technology. RFID stickers cost money to purchase and increase operational expenses for the operator because someone must place the sticker on the car. Not to mention this option does not work for an unattended operations model. Electronic fulfillment is a must for any new point of sale system purchase.

App Support – Are you proficient in supporting your customers in trouble-shooting their smart phone? Be sure to select a point of sale partner that can perform this for you.

Pass Management – What does it take to cancel, suspend, or renew a wash pass? How about updating credit or debit card information? Or what if a customer gets a new car or wants to add or delete a car from their family wash plan? If your point of sale supplier indicates that you are part of that process, that is a lot of wasted time. Some larger operators dedicate a full-time employee just to manage their



passes. Imagine the time, effort, and cost associated with that type of model. Today, all those tasks can be automated or moved to an integrated consumer self-care model as long as you pick the right point of sale partner.

Fraud Mitigation – Finally, this is one area that the old-style RFID stickers do a good job at mitigating. Most customers won't go through the hassle of carefully removing their RFID sticker and using it in multiple vehicles...but some still do. An integrated point of sale platform is going to include automated vehicle identification to eliminate fraud. Make sure yours does too!

Netflix Model

What can Netflix teach us about monthly subscription-based services? Go back in time to when Netflix first started their streaming service and became very popular. They had a very attractive service that everyone wanted to use. In fact, everyone did start using their service, but they weren't paying for it. A family or group of friends commonly bought one subscription and shared the account password. Everyone could stream as much as they wanted. It didn't take long for Netflix to realize they had a problem and they upgraded their platform to solve it. Today, Netflix offers viewing tiers that they call standard definition, high definition, and ultra-high definition at different price points. This is just like a bronze, silver, gold car wash selection. Netflix also offers their service with 1, 2, or 4 simultaneous users with escalating pricing. This is analogous to a family plan for car washing. What is it that Netflix taught us? Netflix taught us people will cheat and try to game the system. If you are considering a monthly wash pass program for your car wash, one size does not fit all. If the program does not have embedded fraud mitigation, you can bet your bottom dollar you will experience as much gaming of the system as the system will allow. All fraud is a direct hit to your bottom line.

Conclusion

Dencar Technology is a guide for your car wash business. Our owner-operator experience took us down the path of creating an integrated point of sale system designed to support the needs of today's monthly car wash plans. Let our experience help you in designing, deploying, and supporting a monthly car wash sales plan for your business that delivers profitability, and not just more washes.