

Token-based car wash

by Dottie Hopkins

There are numerous benefits—to both car wash operators and their customers—for using tokens rather than cash as a basis for operations. Tokens valued at \$1 or more save customers from handling unwieldy amounts of quarters—while simulta-

neously eliminating in-numerable trips to the bank to replenish quarters (said quarters having gone to other local projects like Laundromats and poker games rather than for your car wash). When tokens are imprinted with the car wash logo they serve to introduce or reinforce your



brand—and serve as mini-billboards to promote your business each time they are seen in pocket change. The marketing opportunities available for token-based car washes are limited only by the operator's imagination. And let's not forget about the additional profit—which can be substantial—when tokens are sold but not used.

TJ Shah knew all of this when he bought the Kwick Stop Car Wash & Convenience Store in Ontario, Canada roughly six years ago. Since the facility was already using tokens, Shah figured he could focus his immediate attention on other issues. But he soon discovered that Kwick Stop was not using tokens to their full advantage—so he made some changes. The results have been substantial.

All Tokens are Not Created Equal

One of the first aspects of token usage that Shah looked at was the value of the token. The previous owners had valued the tokens at a single wash—or \$3. So customers would buy and then use all of the tokens. "There was a 100 percent redeem rate," says Shah.

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This meant that fewer tokens were required to transact business, and thus a smaller investment in tokens was required. While normally saving money is considered a good thing, in this instance it was not. Because customers would purchase tokens as they needed them and then use them at once, there were no tokens in circulation. That meant that there were no tokens out there in customer change holders, cup holders, center consoles, or with pocket change to remind them it might be time to wash the car!

To be fair to the previous owners who devised this system, having the tokens in circulation would not have served much

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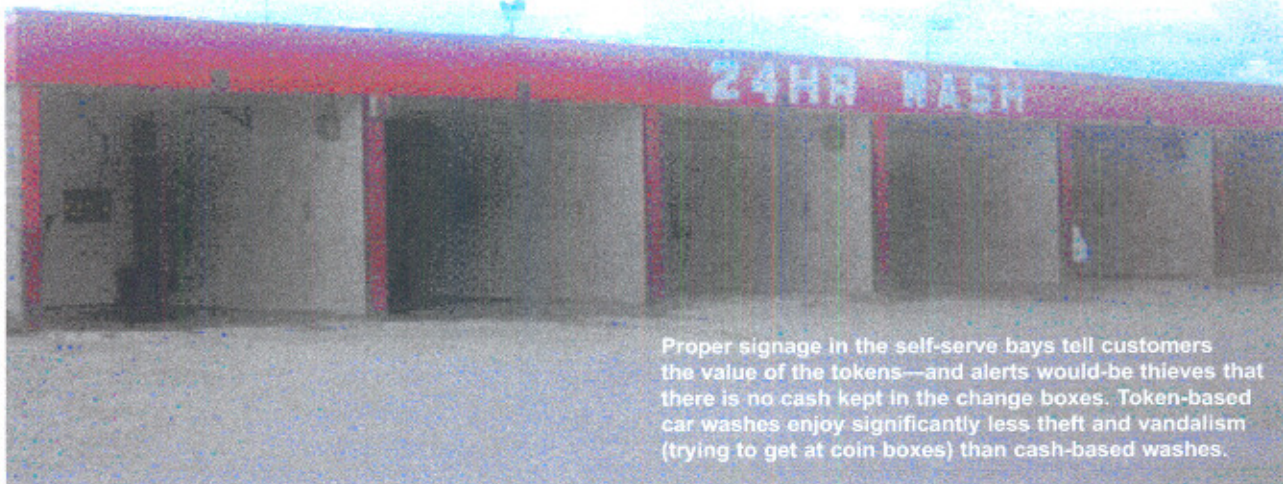
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Proper signage in the self-serve bays tell customers the value of the tokens—and alerts would-be thieves that there is no cash kept in the change boxes. Token-based car washes enjoy significantly less theft and vandalism (trying to get at coin boxes) than cash-based washes.

purpose because they were generic tokens—with no branding value. Shah realized that he'd never be able to build his volume on that business model, so he designed new tokens which include the Kwick Stop name and logo. He valued the tokens at \$1 rather than a complete wash, and then he ordered 5,000—so he'd have plenty in circulation. He's been pleased with the results.

To incent people to purchase additional tokens, and thus get the extras into circulation—populating his customers' cup holders, center consoles, and pockets with his advertising message—Shah sells 11 tokens for just \$10.



Custom tokens create a brand

"I tell them that this is a 10 percent return on their money," says Shah. Customers get a great deal; he gets a \$10 bill and gets tokens into circulation—so everybody involved is happy.

"Customers walk out with something that has my name on it," he says, "so it is a reminder that I need to get the car washed, but also here is *where* I need to go."

And if those extra tokens do not make it back to Kwick Stop's coin boxes, well that's alright too. The tokens that Shah sells for \$1 actually cost him around 30 cents. So for each token that is sold but not redeemed—also called walkaways—Shah earns a 70-cent profit.

Increasing token usage has also helped Shah operationally. Although he still accepts cash in addition to tokens, the new tokens have become more prevalent at the wash.

"We get many more tokens than other coins," says Shah, "so there is less labor for me to roll and take to the bank. We have fewer coins to handle."

The reusable tokens also means that the initial investment can be amortized over a long period of time—bringing the per-use cost of tokens to near zero. In fact, the only time that additional tokens need to be ordered is when they are sold to customers but not redeemed (again earning operators a hefty profit).

These advantages are significant—who wouldn't want to save time, and make additional profit, right? But the biggest advantage to the new tokens is the myriad marketing opportunities that they provide.

Shah, whose self-service bays have a \$3 start, sells tokens in bulk for fleet usage. Virtually any company or government entity with multiple vehicles is a potential prospect, including police, ambulance services, businesses with service vehicles, correctional facilities and taxis to name a few. He may sell 50 tokens with a value of \$1 each for \$40.

He's also planning to work with fundraising groups in a similar fashion—providing tokens at a discount so that they can sell them at face value and keep the remaining cash for their group or

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organization. In addition to creating goodwill with the groups, and perhaps creating opportunities for new customers to visit both the car wash and the store, these efforts also cement the car wash as a part of the community.

Perhaps the most memorable promotional program that Shah is planning combines two promotional tools—custom magnets and his car wash tokens.

“I’m planning to make up magnets with my business name on them,” explains Shah. “I’ll put a token on it and then keep a stack of them with me. Whenever I see a dirty car in a parking lot, I can slap a magnet onto it. The wash costs \$3 to start, and I’m giving them \$1 for free. Hopefully they’ll come to me and buy more tokens or pay for the wash, then keep my magnet on the fridge for advertising.”

If a customer does indeed redeem the free token and purchase additional tokens—say, 11 for \$10—then there is every likelihood that they’ll have extra tokens hanging around (and providing low cost advertising for Kwick Stop) until the next time their car needs a good wash. And since the tokens tell them where to go, hopefully this cycle will repeat itself and become a habit. If that is the case, then the idea to invest in magnets and affix tokens will be well worth it.

Whether marketed in bulk to fleets, local businesses for their own sales contests, or individual car wash customers, Shah’s new tokens are really paying off. They are bringing more people into the wash (as evidenced by the much higher percentage of tokens to cash in the coin boxes).

And more people in the wash also means that there is the potential for more people in the store—generating additional sales—and profits—there too. Dave Saul of Tiger Mart, a combination convenience store, gas station and car wash in Tipton, Iowa, found this to be true. He runs a promotion where customers who purchase 8 gallons of gas receive two free tokens—which can be used in either the self-serve bays or in the touchless automatic. The promotion seems to be working as volume for both of the car wash segments are up. But the biggest advantage to Saul is the heightened activity at the pumps.



The same tokens can be used for the vacs, self-serve bays and for touchless automatic.

"We've seen a 13.5 percent increase (in gas)" says Saul, "and we're also developing more loyalty."

An at-pump increase of that magnitude is huge, and in-store sales have also seen an uptick. Perhaps that is because tokens after their fill-up. Once in the store, these customers may make impulse buys, or recall that they are out of milk, or maybe just grab a snack for the ride to work or home. Whatever the reason, the maxim about real estate ("location, location, location") holds true here as well. Once customers are inside the store, they are more likely to buy. While it is true that not every customer that ventures in for his or her free car wash token will make an additional purchase, it is true that 100 percent of the customers who stay outside make ZERO in-store purchases. So getting them inside (location) is the first step. And as Saul attests, it can lead to a profitable encounter.

Overall Shah is quite pleased with the results of his endeavors and the future opportunities. He sums it up this way. "I inherited about 200 tokens without a logo on them. They

were not shiny, with no branding and no professionalism. I was embarrassed to hand them out. Now I'm proud to use my new tokens with individuals and fleet."

While some operators may think that "tokens are tokens" that insight and the changes that he's made have helped to build business for Kwick Stop Car Wash & Convenience Store. Best of all, there are lessons to be learned here that can be applied to other car washes. ♦

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