

SiteWatch®

Automatic Recharge Module®

If you are already selling 31-day passes, what can ARM® do for you?

If you are a regular reader of the DRB Systems Numbers Guy, you'll know that selling a 31-day unlimited wash pass is a great way to lock customers into using your carwash. And, it is a great deal for you and for your customers. You get their money up front, and they get to wash as often as they like for the next month without worrying about how they are going to pay for it each time.

However, by selling a 31-day pass instead of automatically billing the customers each month, you are leaving money on the table. Let's see how the numbers add up.

The Magic of Monthly

Assume that there are no gaps between when a customer's 31-day pass expires and when they renew their pass. For example, if their pass expires on Monday, they come in on Tuesday and renew their pass. And, assume that the customer does this every 31 days without fail. You can switch to monthly billing using the Automatic Recharge Module (ARM) and increase your pass sales by 1.9%.

How does that figure? If you bill every 31 days, you bill customers an average of 11.77 times a year ($365 \text{ days} \div 31$). If you bill monthly, you bill 12 times a year. That means, on average, you get an extra 1.9% in revenue each year.

Closing The Gap

Of course, in the real world, every customer doesn't consistently renew their pass the day after it expires. In fact, none of them do. In a previous study of a site that sells over 600 31-day passes each month, we found some very loyal and regular customers. Of the 6,445 unique customers that purchased 31 day passes, 6 stood above the rest as they had each purchased 35 or more passes during the study period.

The most consistent of these customers had an astoundingly low average gap between passes of 2.9 days. Even the least consistent of these customers – if you want to say "least", because they are still pretty good – had an average gap between passes of 6.4 days.

Those gaps, however, are lost revenue to the carwash. If the carwash could automatically bill these customers every 31 days, the revenue would increase between 9.4% ($2.9 \text{ days} \div 31$) and 20.6% ($6.4 \text{ days} \div 31$).

For customers that are less "regular", the increase could be even greater. At a different car wash that sells about twenty 31-day passes each month, the most regular customers had average gaps ranging from 7.1 days to 26.6 days. That's a gap in revenue of 22.9% to 85.6%.

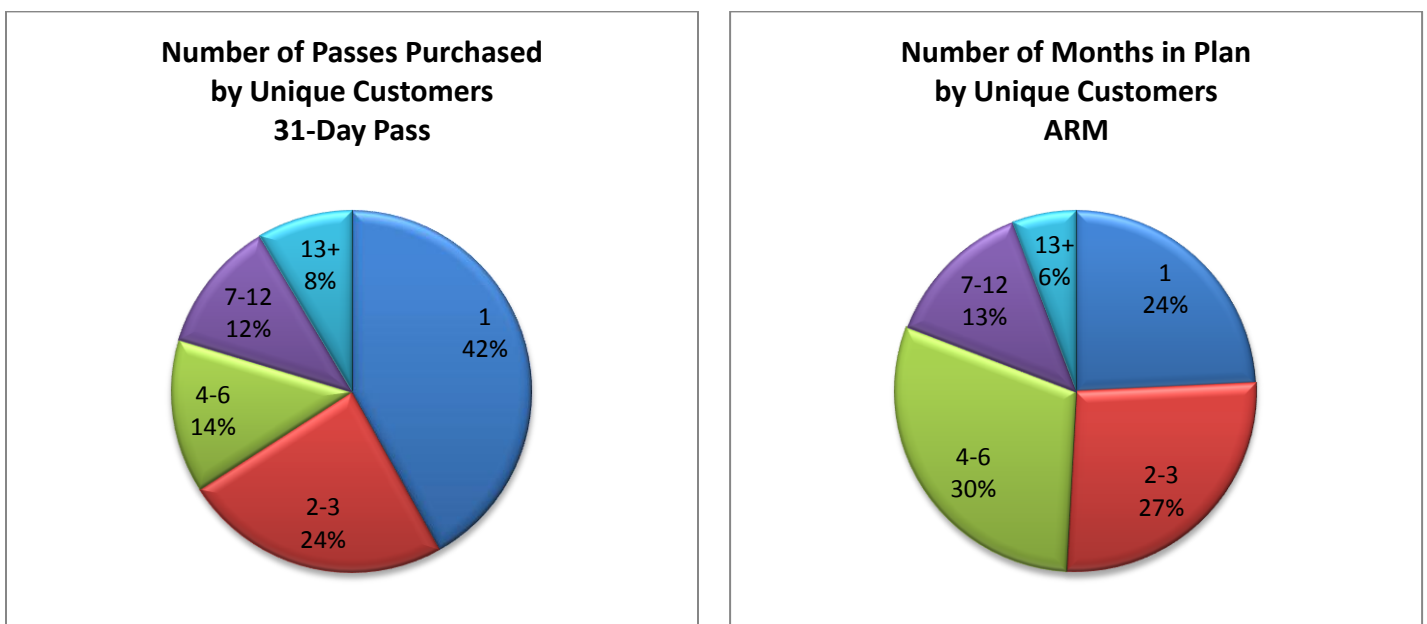
Closing the gap by automatically billing customers will increase revenue.

Making It Easy For The Customer

In order to buy a 31-day pass, the customer has to make a decision and take action. Namely, they have to decide that it is a good deal to purchase the pass, and then they have to take action to come in and purchase the pass. And, they have to do these two things each time they purchase a pass. That's work – granted not a lot of work.

What if we flipped that on its head, and made it work to get out of the pass? Once a customer has decided it is a good deal and takes that initial action to purchase the pass, ARM makes it easy for them to stay in the plan. It's not a lot of work to get out of the plan – the customer only needs to tell you they want to quit – but now the customer has to decide that the unlimited wash plan is not a good deal, and then they have to take action based on that decision.

This is illustrated in the following two charts.



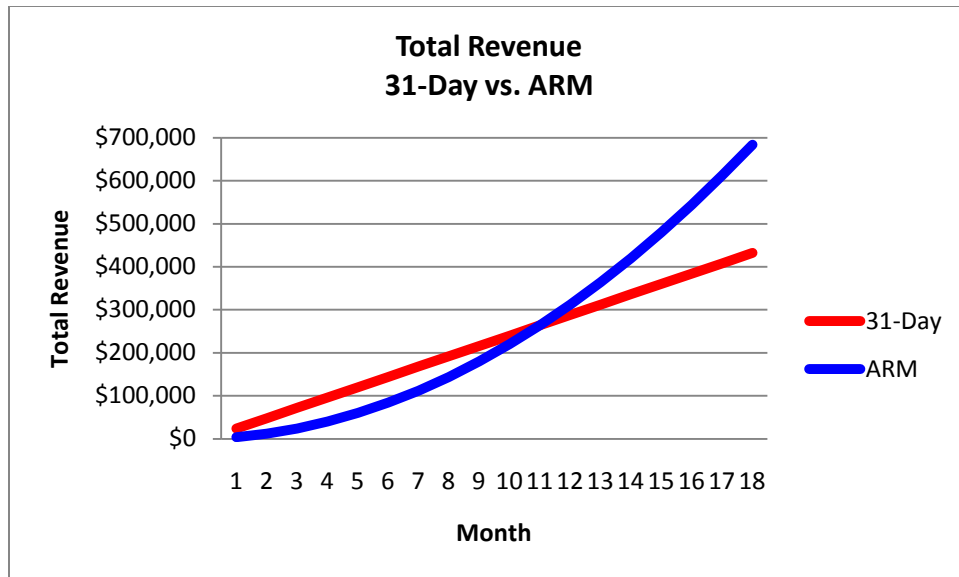
The chart on the left is for a Northeast car wash that has been selling 31-day passes for 44 months, and has had 6,445 unique customers buy them. The chart on the right shows a mid-Atlantic car wash that has been selling ARM plans for 16 months, and has had 3,065 unique customers sign up.

It is clear that customers signing up for an automatically billed plan initially stay in their plan longer than the 31-day pass customers.

Compounding

There is an old finance joke that says "\$1,000 invested at 8% for 200 years turns into \$5 billion. Of course, waiting those first 100 years will kill you!"

While that is a silly joke, there is some wisdom buried in there, and that is part of the secret magic of ARM. Selling 600 31-day passes each month is quite a feat. But, would you rather have that or would you rather sell 100 ARM passes each month? Because the number of customers using monthly passes grows as you add new ones, you break even after 11 months with ARM compared to the 31-day passes. Beyond that point, ARM outpaces the 31-day passes.



This theoretical chart shows the total revenue achieved by selling 600 31-day passes each month at \$40 each, compared to adding 100 ARM passes each month at the same price.

By getting customers into an automatically billed monthly pass and then working to keep them in the plan, you can build a growing revenue stream that you can count on each month. One ARM user told us that their ARM plans pay each month's rent and bills. Therefore, they sleep better at night knowing that they can easily survive a few months of bad weather.

Summary

If you are selling 31-day unlimited wash passes today, there are four benefits of switching to the SiteWatch Automatic Recharge Module that will increase your revenue:

1. Bill monthly instead of every 31 days.
2. Close the gap between when a pass expires and when the customer renews.
3. Make it easy for the customer to stay in the plan.
4. Compound the revenue by adding new customers each month.

Contact your DRB Systems sales representative at 800-336-6388 to find out how you can get started with the SiteWatch Automatic Recharge Module.



Harold Guthrie, denizen of the digital world, is the DRB Systems numbers guy.

A graduate of the University of Akron with a degree in mathematics, Harold toiled for IBM before he came to our company in 1994.

A consummate numbers guy, he has conducted numerous engineering studies on a wide variety of SiteWatch products. When it comes to figuring out the meaning of figures, Harold is clearly our number one choice. He can be reached at 800-336-6338.