

SiteWatch® Xpress Pay Terminal®

Will customers prepay a second wash if given a discount?

The old adage goes that it is easier to sell more to your existing customers than it is to get a new customer. One operator in the Midwest found out just how true that is.

This operator owns a single express carwash that uses the SiteWatch point-of-sale system and the Xpress Pay Terminal (XPT). Customers select a wash and self-pay at the XPT. There is no interaction with an attendant, unless the customer has questions or needs assistance.

On the main XPT menu, the customer has the option of choosing four different washes, with the Works wash – a \$13 wash – being at the top of the menu. Some studies have shown that sales increase for the wash that is in that position on the screen.

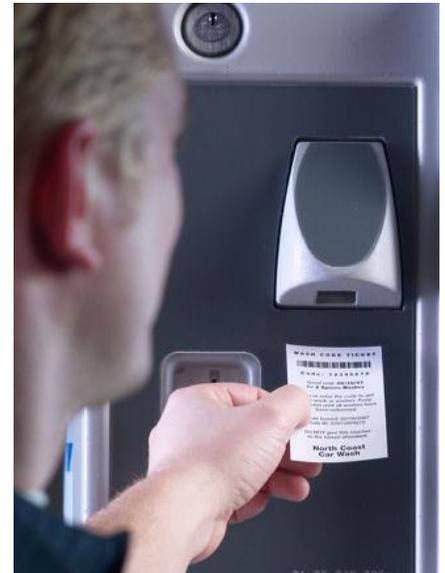
This operator wanted to try to reach his infrequent customers and get them to visit more. So, starting 10/21/2008, he began to offer a deal to those customers who purchase a Works wash. If they select that \$13 wash, they are offered a choice of purchasing a second Works wash for an additional \$7. When they choose this option, a receipt is printed with a barcode on it that is used to redeem that second wash at the XPT. That wash can be redeemed within 120 days of when it was purchased.

What this operator found over analysis period (through mid-April of 2009) is that he sold Works washes and offered the second prepaid wash 5,271 times. Of those customers, 1,552 chose to prepay that second Works wash. That's 29.4% of his Works wash customers that locked themselves into his carwash for another visit!

If you are a regular reader of DRB Systems' studies, you know three facts:

1. At a typical carwash, 55% of your customers only come in once a year;
2. That these once-a-year customers make up about 25% of your business; and
3. Your infrequent customers typically spend more per visit.

What can we surmise from these facts? That about a quarter of those purchasing the second Works would not have been seen again for a year. Yet, they opted to purchase and use that second wash...typically within a month!



The built-in barcode reader is used to redeem the prepaid Works wash at the SiteWatch Xpress Pay Terminal

We then took a look at determining how long it takes customers to redeem that second wash. For that, we looked at 711 prepaid Works washes that were sold between 10/21/2008 and 12/31/2008. Any that were sold after that time were still active and had the chance of being used, and were excluded from this analysis.

As you can see from the graph, most customers redeemed their washes within a month after prepaying for it. That met this operator's objective of getting his customers to visit more frequently.



The red trend line illustrates how customers are more likely to redeem their prepaid wash sooner rather than later

As mentioned earlier, the prepaid washes expire after 120 days (about 4 months). Of the 711 prepaid Works sold between 10/28/2008 and 12/31/2008, 154 were not redeemed. Although this operator would rather that the prepaid washes were used, those 21.7% unredeemed washes help to pay for the discount given to those customers who do redeem them.

This operator has been pleased with this "two washes for one low price" program. He feels he is selling more of his top wash package, and is successful at getting some of his infrequent customers to come in more often. It is one step toward his ultimate goal of enticing all of his customers to be more regular in their carwashing habits.



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.