

CWGUY.COM'S 'RANDOM THOUGHTS'

Differentiating Yourself in a Market Of Like Competitors



By Eric Wilson

In business your goal is to sell more products, make more money and increase sales all while providing a quality product for your customers. But you have some problems... You have competitors. At the same time competitors in horizontal industries are trying

to increase sales or are just trying to stay profitable are starting to invade other industries. (Dealerships for example are invading the car wash, oil change and tire industry.) This invasion of other players in other industries can really effect your bottom line.

Take your self serve with an automatic.... In theory a dealership promotion could steal your customers with "free lifetime car washes with a car purchase". Or your automatic can be discounted when a wash is given away at a gas station or an oil change facility.

Examples of differentiating your product and being different from other competitors:

Little Caesars \$5 Hot-N-Ready Pizzas

My example here is to compare a selling strategy to differentiate their product from others. Sometimes quality does not matter and price is very important along with a desired service (fast pizza). All other competitors kept their prices basically the same while Little Caesars reduced their prices and actually started to compete in other horizontal markets.... The fast food market. When everyone is priced at the same price point it makes it difficult to compete. Or to have an edge over your competitor. But price alone is easy to match and competing on only price can be harmful for the industry. This is why providing extra services to protect your niche market is crucial. In this case fast service and no waiting was provided or needed.

According to pizzatoday.com: After Little Caesars implemented the Hot-N-Ready marketing in 2014, Little Caesars' (from 2013 to 2016) gross sales per store doubled. While Pizza Hut, Dominos or Papa Johns gross per store change was greater than or less than \$20,000.

Cell Phones

If you read finical articles on the cell phone market you should have read the market will be owned by high quality (flagship) cheap Chinese phones in about 5 year's time (according to analysts). How can anyone compete with a \$250-300 phone when your phone costs \$600 or more now? You either compete on the race to the bottom to make cheap phones or make a niche market where your phone is exclusive in some way. Through advertising, perceived value and extra services. So in a dying market

you must also provide all the same options as your competitor and give the allusion that the customer is getting more and a better product.

Express Market

You can see an example of an over saturated market in the express market. In the South there is a large amount of competitors close together and no perceived difference.... Only price. The race to pricing the lowest is the most important, but some competitors provide extra services so you are getting flex services and some have a niche market and provide the highest prices and are full service. But in both examples you have to balance volume and expenses with the price charged.

There are also large differences between certain self serve car washes. But it is harder to categorize in writing. But very few owners differentiate in price, times and services. All the self serves that I have seen with large start ups and every service are also in the best locations. They can demand any price and should. They usually have very few or no competitors and probably do loose bucket washers because of the high price, but that is a tradeoff.

So how does this all relate to self service car washes? Well it is difficult to know exactly how to differentiate your car wash from other. But if you are in an over saturated environment with multiple new business — like Express Washes, Flex Washes, Full Service Washes, Hand Washes, Gas Stations, Oil Charge business and Car Dealers — it can be hard to determine who your real competitors are. But there are some things you should know:

- What are their services?
- How far away are your competitors?
- Who are your competitors?
- What are their prices?
- Do they have a sign?

After you compile your list and compare all your competitor with yourself.... How do you compare? Are they far away? Are they close? What is the price difference? What about their changer? What about vending? Do any of your competitors have websites or social media pages?

When I go to a car wash I take pictures of the bays, menu boards, meter boxes, booms, brushes, guns, vending, changers, lights, pits, views.... Basically everything. This will help you later evaluate the location in more depth. Look at all the aspects as a customer.... Which is really all that matters. (I have posted many examples on my site cwguy.com under categories self-serve.)

How can you be different?

Can you have a higher price and better products.... With a longer start up time? Or would lower prices with more services help differentiate yourself? But remember matching a competitor's price is easy.... You must make any charge noticeable for customers so they know there is value when coming to your locations over anyone else's location. Consider: Air machines, ice machines, multi-function vacuums, dryers, mat cleaners, truck wash, canopies, signs, bonus time, attendants, mini-tunnel and automatics. Here are some horizontal marketing ideas that I have seen in the past: Dog wash, motorcycle wash, oil change bay and selling cars.

If you have anything to add just let me know.



Eric Wilson is a self-serve car wash owner who also blogs online on the popular and very funny cake@cakebuild.com