



HIGH-TECH REPLACEMENT  
CAN DELIVER  
HIGH PROFIT RETURNS.

 **Speed Queen.**

There was a time in the vended laundry business that owners could install their equipment, pull the chain on the “open” sign and collect quarters for the next 30 years. Occasionally, a washer or dryer would encounter an issue ... that was easily handled by hanging an “out-of-order” sign. Perhaps the machine got fixed at some point, but if it didn’t, no bother. Customers would keep coming in. Those days are long gone and our industry has changed.

Today’s laundromat owner is far more business savvy, and they have to be. While some primary customers are committed to whatever store is closest, most will go to the nicest, newest facility – one where their business is valued by the owner. With every primary customer being worth roughly \$500 a year, store owners must focus on retaining them. Progressive investors are well aware that it is far more costly to attract to a new customer than retain a current one.

Roy Narvaez is one of those owners. He bought his first store in Huntington Park, Calif. in 2011 and slowly started replacing the dated equipment, which set the stage for the approach at his second store in Downey, Calif.



## PUTTING THE CUSTOMER FIRST

In store number two, the focus was on delivering an excellent modern-day experience for his customers. That meant turning the store into one of the cleanest and best run in the market. Gone were the video games that were rarely used and only encouraged loitering in the business. Added were more televisions and satellite service so his customers could catch their favorite soccer club’s matches.

Upgraded, stained flooring, modern colors for the walls, and LED lighting also contributed to the upgraded look and feel of the store.

Success in today’s business, however, is more than just a clean, safe environment. Customers want options. They want the ability to tailor their wash cycles

based on their specific needs. They want large capacity washers and dryers. Bottom line: they want to take the chore out of the laundry task, get the best wash for their money, and feel like the owner of the store understands and values those needs.

**SUCCESS IN TODAY’S BUSINESS, HOWEVER, IS MORE THAN JUST A CLEAN, SAFE ENVIRONMENT. CUSTOMERS WANT OPTIONS.**

Narvaez has learned that if, as a business owner, you put these customer needs first, your store will become a go-to destination. Providing new, feature-rich equipment in a higher quality environment is ample reason to command a higher price than the lesser offerings of the competition.

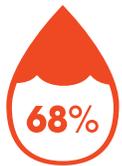
“Why should I be the same price as the cheap guy,” Narvaez said of never seeking to compete on price. “I always want to be ahead of the game.”



## STAYING AHEAD OF THE GAME IN CAPACITY

For Narvaez, being ahead of the game means staying ahead on capacity and transitioning away from the water guzzling top load washers.

Older top load washers can use, on average, up to 32 gallons of water per cycle. By contrast, some of today's front load washers are using just 12.9 gallons. Those numbers can make a giant difference when multiplied by the number of machines in the store.



**WATER SAVINGS PER YEAR WITH  
40 LB WASHER-EXTRACTOR UPGRADES<sup>1</sup>**

The additional benefit store owners receive with replacing top load washers with more efficient front load washer-extractors is faster spin speeds, which reduce drying times, and, as a result, gas consumption. Not only does this keep more money in his pocket, but this positively impacts the experience his customers have in his store by getting them in and out faster.

Narvaez knew from experience that some customers are diehard fans of top load washers, so his first step was small in dropping the number of top loaders from 13 to 10. Utility savings alone for upgrading one top load to a front load can be up to \$23 per month.<sup>2</sup>

"I know that I make more money on my large capacity machines, so I work with my employees to transition customers over to the larger capacity cabinet front

load washers," he said, adding that he also reduced the number of 30-pound capacity washers to open up space for additional 60-pound capacity machines.

With bigger washers, the replacement project next targeted drying capacity. Narvaez added three 45-pound stack tumble dryers. Again, he gained an advantage on his competition, which has no large dryer pockets. The highly efficient dryers keep customer satisfaction high by reducing drying times. Those fast dry times also benefit the store by generating increased turns and income, while the machines' efficiency means reduced gas consumption. Customers are no longer waiting around for the dryer bottleneck to clear.



**CUSTOMERS EXPECT TO PAY  
10-20% MORE  
FOR NEW MACHINES<sup>3</sup>**

The increase in capacity as well as offering customers a wider variety of cycle options and price levels made an immediate impact on Narvaez's business; he calculated the lift at 10 to 20 percent. This matches Coin Laundry Association (CLA) numbers, where in a whitepaper it reported that customers will pay 10 to 20 percent, more for updated equipment.<sup>3</sup>

## STAYING AHEAD IN MANAGEMENT

Being the best in the area doesn't just end at proving excellence in a customer experience, success must also extend in management. For owners such as Narvaez, the key to running a business effectively is having the data to make informed decisions that maximize profitability.

This is why he opted for a networking system that gives him daily reports of how the store is performing, including machine usage, revenue, any machine service issues.

Such systems enable owners to fine tune machines to maximize profitability through customizable water levels, time-of-day pricing, and cycle modifiers.



- CUSTOMIZABLE WATER LEVELS
- TIME-OF-DAY PRICING
- CYCLE MODIFIERS

"Upgrading the equipment allows me to give customers more options," Narvaez said. More cycle options increase potential profit for the owner. Customers are free to select customize wash cycles with a prewash, extra washes and rinses, and more agitation. In his

stores, Narvaez has defaulted the washers to a medium soil level. He likes that, by starting his customers there, they can decide to go up or down in vend price – giving them far greater control than the old, outdated equipment provided.

Narvaez can't imagine trying to run a business without such a system giving him insight into his customers' activity - what machines they like, what cycles they are using, did a price increase impact cycle modifier usage.

"It's not a guessing game... the data tells me everything," he said, adding that without the system providing a usage information, the only other way to truly get that level of detail would be "standing in the store every day and watching."

The system also helps him gauge success in his promotions to transition customers to the more profitable front load washers. Every few weeks he raffles off a flat-screen television. Customers receive one entry for each front load wash (top load washes are not eligible). Many customers will migrate to the front load washers during the contest period to be eligible. Narvaez then uses data he collects from his system to see if they continue to use the larger, more profitable front loaders.



# THE BOTTOM LINE

As a multi-store owner who recently purchased his third laundry, Narvaez is confident that he has a firm understanding of what it takes to be successful. It's a simple formula rooted in being engaged in his business, in-tune to his customers' needs, and delivering best-in-class equipment and facilities. It's all about greater – greater capacity; greater cycle options; and greater access to data for the owner.

“For the extra money, it's just worth it to be up to date,” he said. And customers have been the best marketers of his upgraded facility, as word of mouth has helped the store build its numbers each month.

To learn more about the advantages of reinvesting in a laundromat with state-of-the-art equipment, visit [SpeedQueen.com/Replace](https://www.speedqueen.com/replace).



**IT'S ALL ABOUT GREATER –  
GREATER CAPACITY  
GREATER CYCLE OPTIONS  
GREATER ACCESS TO DATA FOR THE OWNER**

- 1 Based on replacement of a 12-year-old Speed Queen® 35 lb washer-extractor with MD2 Controls with a new Speed Queen 40 lb washer-extractor with Quantum® Gold Controls with 3.5 turns per day.
- 2 Based on replacement of a 5-year-old Speed Queen® top load washer with MD2 controls to a new Speed Queen front load washer with Quantum® Gold Controls with 3.5 turns per day
- 3 According to the Coin Laundry Association whitepaper "Deciding When to Replace Laundry Equipment"

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