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AU INDUSTRY (SPECIALIZED) REPORT OD5235

Car Wash and Detailing Services in Australia

Clean break: Industry revenue is anticipated to recover as discretionary incomes rise

William Chapman | July 2020

Contents

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you,your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

Covid-19

Coronavirus Impact Update

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

• Revenue for the Car Wash and Detailing Services industry is expected to decline by 16.4% in 2019-20. This decline is largely attributable to the COVID-19 pandemic, as restrictions on movement and gatherings lead to reduced motor vehicle activity. For more detail, please see the Current Performance chapter.

• Demand for industry services is forecast to rise over the next five years, in line with a broader economic recovery from the COVID-19 pandemic. However, growth in industry establishment numbers is anticipated to be limited as existing facilities largely satisfy demand. For more detail, please see the Industry Outlook chapter.

• Falling demand for industry services is anticipated to negatively affect average profitability in 2019-20. However, the industry's low labour requirements and increasing use of technology are anticipated to support profit margins. For more detail, please see the Cost Structure Benchmarks chapter.

Note: The content in this report is currently being updated to reflect the trends outlined above.

About This Industry

Industry Definition

Industry operators primarily wash, wax and detail automotive vehicles, including passenger cars, trucks, vans and trailers. The industry excludes companies that predominantly provide automotive repair and maintenance services.

Major Players

Magic Hand Car Wash Franchisor Pty Ltd

Main Activities

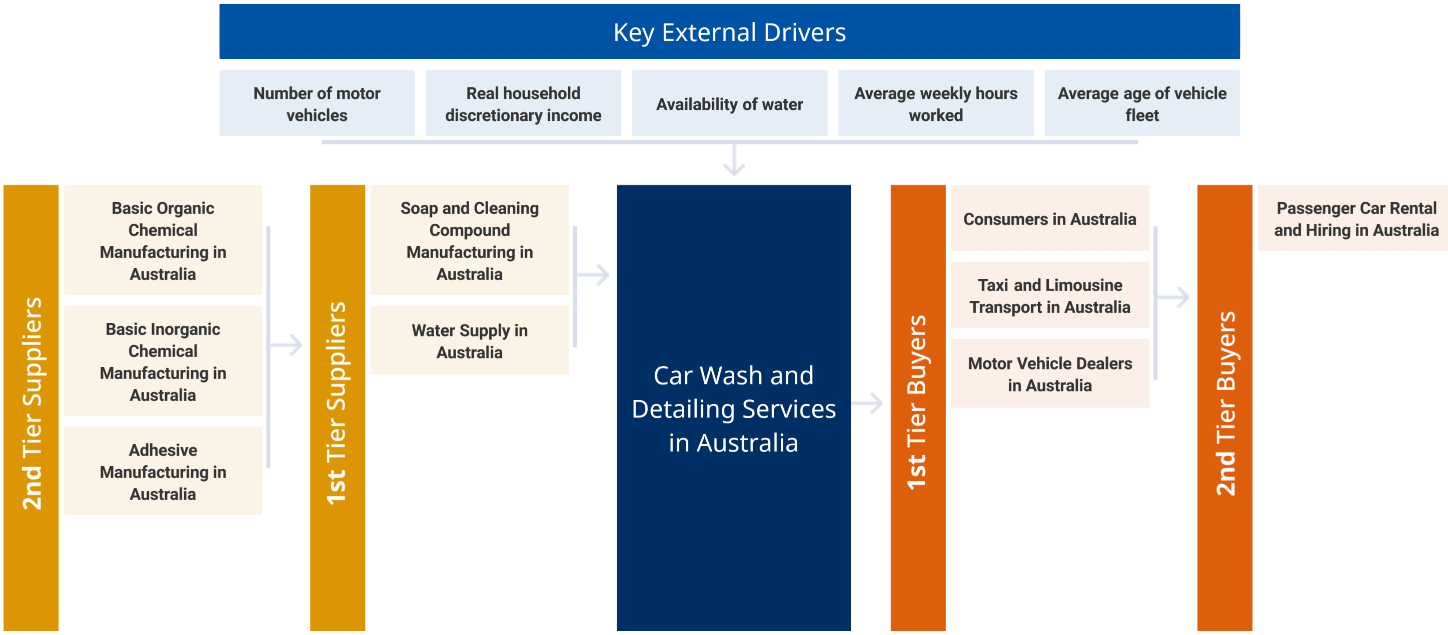
The primary activities of this industry:

- Automotive and trailer washing
- Automotive and trailer detailing (cleaning, polishing and waxing)
- Self-service car washes
- Mobile car washes
- In-bay automatic car washes
- Conveyor tunnel car washes

The major products and services in this industry:

- In-bay automatic car washes
- Self-service bays
- Conveyor tunnel washes
- Manual car wash and detailing services
- Mobile car wash and detailing services

Supply Chain



SIMILAR INDUSTRIES

Fuel Retailing in Australia

Complementor

Motor Vehicle Body, Paint and Interior Repair in Australia

Competitor

Motor Vehicle Engine and Parts Repair and Maintenance in Australia

Complementor

Automotive Industry in Australia

Complementor

RELATED INTERNATIONAL INDUSTRIES

Car Wash & Auto Detailing in the US

Car Wash & Auto Detailing in Canada

Industry at a Glance

Key Statistics

$458.6m
Revenue

Annual Growth 2015-2020	Annual Growth 2020-2025	Annual Growth 2015-2025
-2.4%	2.8%	

$33.0m
Profit

Annual Growth 2015-2020	Annual Growth 2015-2025
-4.0%	

7.2%
Profit Margin

Annual Growth 2015-2020	Annual Growth 2015-2025
-0.6%	

1,877
Businesses

Annual Growth 2015-2020	Annual Growth 2020-2025	Annual Growth 2015-2025
1.2%	0.1%	

3,494
Employment

Annual Growth 2015-2020	Annual Growth 2020-2025	Annual Growth 2015-2025
-2.2%	0.1%	

$103.8m
Wages

Annual Growth 2015-2020	Annual Growth 2020-2025	Annual Growth 2015-2025
-2.2%	0.8%	

Key External Drivers

% = 2015-2020 Annual Growth

-1.3%
Availability of water

1.9%
Number of motor vehicles

1.3%
Real household discretionary income

0.6%
Average age of vehicle fleet

-0.2%
Average weekly hours worked

Industry Structure

POSITIVE IMPACT

Concentration
Low

Globalization
Low

MIXED IMPACT

Life Cycle
Mature

Revenue Volatility
Medium

Capital Intensity
Medium

Regulation
Medium

Technology Change
Medium

Barriers to Entry
Medium

NEGATIVE IMPACT

Industry Assistance
Low

Competition
High

Key Trends

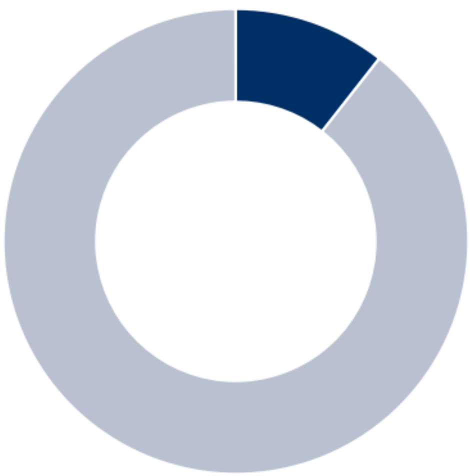
- Industry enterprise numbers have risen in line with growth in the number of motor vehicles
- Increased awareness of the environmental benefits of using industry services has supported patronage
- An increasing number of industry operators have automated their processes over the past five years
- Continued environmental awareness is anticipated to support industry demand
- Greater automation is projected to contribute to greater service volumes and profit margins
- The increasing popularity of public transport and cycling will constrain the industry's expansion
- Falling discretionary incomes and the COVID-19 outbreak have negatively affected the industry

Products & Services Segmentation

Car Wash and Detailing Services
Source: IBISWorld

Major Players

% = share of industry revenue



- 10.6% Magic Hand Car Wash
- 89.4% Other

Car Wash and Detailing Services
Source: IBISWorld

SWOT

S STRENGTHS

Low Customer Class Concentration
Low Product/Service Concentration

W WEAKNESSES

Low Profit vs. Sector Average
High Capital Requirements

O OPPORTUNITIES

High Revenue Growth (2020-2025)
High Performance Drivers

T THREATS

Very Low Revenue Growth (2005-2020)
Low Revenue Growth (2015-2020)

Executive Summary

Revenue for the Car Wash and Detailing Services industry is expected to decline at an annualised 2.4% over the five years through 2019-20, to $458.6 million.

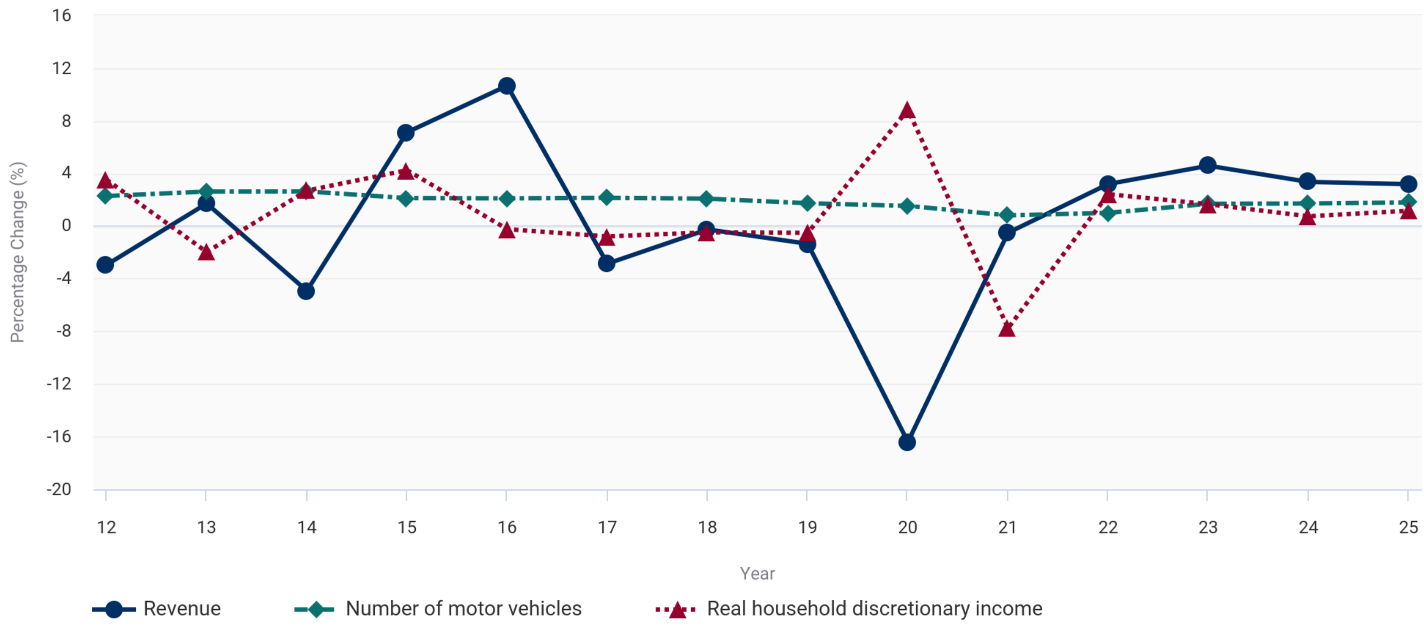
This decline can largely be attributed to adverse economic conditions related to the COVID-19 outbreak, with industry revenue anticipated to decline by 16.4% in the current year. Falling discretionary incomes and a decline in average weekly hours worked have also contributed to the industry's performance over the past five years. These trends have encouraged more consumers to save money and wash their vehicles at home. However, increased consumer environmental awareness regarding the high water consumption and potential pollution caused by washing vehicles at home has supported demand for industry services over the period.

The severe drought conditions that prevailed through the mid to late 2000s compelled many state and territory governments to introduce water restrictions, which prevented consumers from washing their vehicles at home. Although these restrictions have largely been relaxed across most states and territories, many consumers have continued to outsource car washing services, using in-bay automatic washes and self-service bays. Consumers' increasing environmental awareness, coupled with knowledge of the superior water efficiency of industry operators' car washes, has also supported industry demand over the past five years.

The industry is projected to return to revenue growth over the next five years. Industry revenue is forecast to rise at an annualised 2.7% over the five years through 2024-25, to $525.2 million. Rising discretionary incomes are anticipated to drive industry revenue growth over the period. However, increased urbanisation trends are projected to limit industry growth as more consumers reduce car travel in favour of public transport. Industry automation is forecast to increase over the next five years, with in-bay automatic washes and conveyor tunnel washes becoming more popular with consumers. This trend is anticipated to support a rise in industry profitability over the period.

Industry Performance

Key External Drivers 2012–2025



Car Wash and Detailing Services
Source: IBISWorld

Key External Drivers

Number of motor vehicles

Demand for industry services depends on the size of Australia's motor vehicle fleet. Demand for washing and detailing increases as consumers purchase and drive more vehicles. The number of motor vehicles registered in Australia is expected to increase in 2019-20, presenting an opportunity for the industry.

Real household discretionary income

Demand for car washes and detailing depends on discretionary income. When consumers have more discretionary income, they are more likely to pay to have their vehicle professionally washed. Real household discretionary income is expected to decline in 2019-20, threatening the industry's performance.

Availability of water

Water availability inversely correlates with demand for car washing and detailing services. When water availability declines, consumers tend to use less water and become less likely to wash their own cars, compelling them to use the industry's services. Water availability is expected to rise slightly in 2019-20.

Average weekly hours worked

When consumers work more hours, they have less time available for other activities. Consequently, an increase in the average weekly hours worked means that consumers are more likely to pay for their car to be washed than do it themselves. The average weekly hours worked is expected to decline in 2019-20.

Average age of vehicle fleet

Consumers are more likely to have new vehicles professionally washed and detailed to keep their high-value purchases in good condition. When the average age of the vehicle fleet declines, newer cars make up a larger proportion of vehicles on the road. As a result, a younger vehicle fleet makes consumers more likely to use the industry's services. The average age of the vehicle fleet is expected to rise in 2019-20.

Current Performance

Revenue for the Car Wash and Detailing Services industry is expected to decline at an annualised 2.4% over the five years through 2019-20, to $458.6 million.

This decline can largely be attributed to deteriorating economic conditions caused by the COVID-19 outbreak, with industry revenue anticipated to fall by 16.4% in the current year. Falling discretionary incomes and a decline in the average weekly hours worked have also negatively affected the industry's performance over the past five years by encouraging more consumers to wash their vehicles at home. However, rising consumer concerns about the environmental effects of washing cars at home have supported industry demand over the period. Government-imposed water restrictions have discouraged or prevented households from washing vehicles at home, further supporting the industry's performance over the past decade. Although these water restrictions have been largely relaxed over the past five years, many consumers have continued to favour automatic washes and self-service bays.

Several other factors have influenced demand for industry services over the past five years, including consumers increasingly outsourcing household tasks. Consumers with new cars are more likely to wash them regularly. However, new car sales have declined over the past five years, constraining demand for industry services. Industry operators have attempted to bolster revenue and profitability by offering a wider range of services, increasing automation for car washing services and rewarding customer loyalty.

Industry participation

> **An increasing number of industry operators have automated their processes over the past five years.**

Falling discretionary incomes have encouraged many consumers to use self-service bays, in-bay automatic washes and conveyor tunnel washes, rather than more expensive manual washing and detailing. These popular automated services require little direct labour input from the operator, which has contributed to industry employment numbers declining over the past five years. The workforce composition in the industry is changing, with operators and managers of automated equipment beginning to replace lower paid workers that manually wash and detail vehicles. However, demand for labour-intensive manual and mobile car washing services from higher income consumers has risen, limiting declines in industry employment over the past five years.

Industry enterprise numbers have increased over the past five years, in line with population growth and a rise in the number of motor vehicles. Many of the industry's new operators have installed self-service bays, although mobile operators have increasingly established their position in the industry. Many of the industry's franchise businesses offer mobile car wash and detailing services, such as those offered by Car Care, and Jim's Car Cleaning and Detailing. Some businesses offer premium manual services, such as those offered by Magic Hand Carwash and Geowash.

Water restrictions

> **The severe drought that affected many parts of Australia between 2002-03 and 2009-10 led to water restrictions being introduced across much of the country.**

Although restrictions varied among states, at-home DIY car washing was either banned or restricted to windows and headlights during the worst parts of the drought. Commercial car washing businesses generally adapted well to water restrictions, adopting water recycling technology and marketing their adherence to industry water standards.

As the drought was officially declared over in early 2012, water restrictions have been minimal over the past five years. However, some restrictions were reinstated in regional Queensland and New South Wales in 2018-19 and 2019-20. Consumers have continued to use the industry's services, having become accustomed to getting their car washed in automated machinery or doing it themselves at self-service bays. The industry also continues to benefit from its reputation for using water efficiently, particularly compared with washing vehicles at home.

Environmental awareness

> **Washing vehicles at home has disadvantages beyond high water usage.**

Consumers have become increasingly aware of the effect pollutants can have when they are washed away in stormwater drains. The Australian Car Wash Association has found that wastewater from residential car washing contributes significantly to stormwater pollution, as the wastewater runs off into waterways from stormwater drains. This pollution includes grease, oil, detergents, and metals such as zinc and lead that enter freshwater creeks, lakes and rivers.

Commercial car washes have marketed their eco-friendly services, which involve special high-pressure hoses with small jets that require less water and recycle most of the water used. Car washes also must have a trade waste licence, which ensures that harmful pollutants are trapped in sedimentation pits and that all wastewater is channelled directly into the sewers. The wastewater is then treated and cleaned under strict regulation enforced by the various states' environmental protection agencies. Consumers have become increasingly aware of the environmental benefits of using the industry's services, which has supported demand for car wash and detailing businesses over the past five years.

Outsourcing tasks

> **Consumers have been increasingly outsourcing household chores and activities over the past decade, as busier lifestyles have boosted demand for convenience.**

While increased outsourcing has mainly related to entertainment, food and personal services, it has also supported demand for car washing and detailing services. Consumers have become more willing to pay to have their vehicles washed outside of the home, placing greater value on maximising their leisure time.

Historical Performance Data

Year	Revenue ($m)	IVA ($m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand ($m)
2011–12	500	167	2,264	1,718	4,045	N/A	N/A	111	N/A
2012–13	509	169	2,233	1,677	3,863	N/A	N/A	111	N/A
2013–14	484	164	2,144	1,581	3,615	N/A	N/A	107	N/A

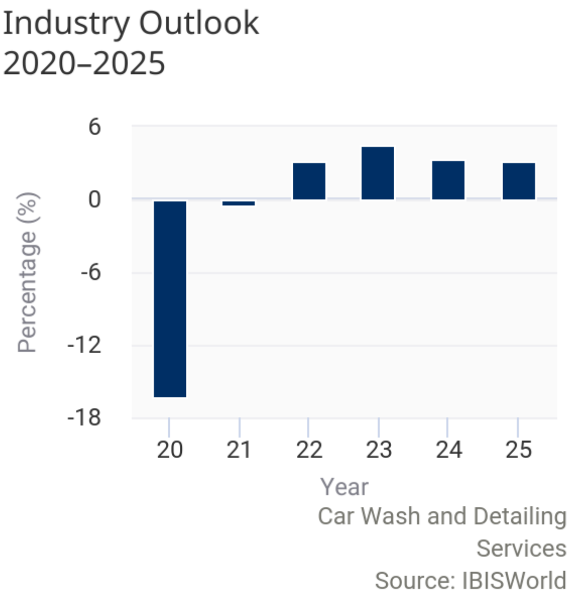
Year	Revenue ($m)	IVA ($m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand ($m)
2014–15	518	177	2,357	1,767	3,908	N/A	N/A	116	N/A
2015–16	574	184	2,438	1,826	3,887	N/A	N/A	121	N/A
2016–17	557	193	2,332	1,736	3,723	N/A	N/A	123	N/A
2017–18	556	200	2,359	1,769	3,688	N/A	N/A	120	N/A
2018–19	548	193	2,356	1,770	3,647	N/A	N/A	120	N/A
2019–20	459	158	2,526	1,877	3,494	N/A	N/A	104	N/A

Industry Outlook

Outlook

The Car Wash and Detailing Services industry is projected to return to revenue growth over the next five years.

Rising discretionary incomes are forecast to drive industry revenue growth as the economy recovers from disruptions caused by the COVID-19 outbreak. In addition, increased consumer awareness of the negative environmental effects of washing vehicles at home, particularly in terms of water conservation and effluent treatment, is also anticipated to boost demand for industry services over the period.



Industry revenue is forecast to grow at an annualised 2.7% over the five years through 2024-25, to $525.2 million. Population growth and rising discretionary incomes are anticipated to support the industry's expansion over the period. In addition, governments are anticipated to implement new water restrictions over the period, benefiting the industry. Increasing automation in the industry's car washing processes will likely lead to greater service volumes and profit margins. However, economic recovery following the COVID-19 outbreak is forecast to limit growth in industry establishment and enterprise numbers over the next five years, as existing facilities and operators largely satisfy demand. Consumers are anticipated to increasingly use self-service bays, in-bay automatic washes and conveyor tunnel washes over the next five years. This trend is projected to constrain growth in industry employment numbers over the period.

Industry profitability is forecast to strengthen over the next five years as the economy recovers from disruptions caused by the COVID-19 outbreak. Operators of self-service bays and automated wash systems will likely benefit from the strongest growth in profit margins over the period due to their lower cost bases. Other industry operators are projected to increasingly use automation and reduce employment costs to protect profit margins. This trend is anticipated to contribute to wage costs falling as a share of revenue over the next five years.

Demand constraints

Increasing urbanisation is forecast to constrain the industry's expansion over the next five years, as trends favouring inner-city living tend to limit car usage.

While the number of vehicles on Australian roads is projected to grow steadily over the period, consumers are anticipated to drive fewer kilometres each year, substituting cars for alternative forms of transport. Public transport and other environmentally friendly modes of travel, such as bike riding, are forecast to become increasingly popular in Australia's cities. This trend will likely negatively affect demand for car washing and detailing services over the next five years.

Environmental awareness

> **Consumer awareness about the environmental effects of washing cars at home is projected to continue discouraging DIY car washing and detailing over the next five years, supporting the industry.**

DIY car washing contributes to stormwater pollution and uses large volumes of potable water. Industry companies are forecast to continue promoting their operations as eco-friendly alternatives to home car washing. All commercial car wash operations must have a valid trade waste agreement with the relevant water authority to govern discharging effluent in the sewerage system. The Australian Car Wash Association has encouraged operators to comply with the voluntary Water Saver Rating scheme, and governments may require mandatory adherence if drought conditions return.

Water availability is projected to decline over the next five years, with governments therefore becoming more likely to impose water restrictions. However, while adverse weather conditions are unlikely to strongly affect demand for industry services over the period, drought conditions may affect some regional markets. Demand for water will also increase due to continued growth in Australia's population. As a result, water consumption consciousness is anticipated to remain high over the next five years, benefiting industry operators that promote water conservation techniques.

Industry trends

> **Industry profit margins are projected to rise over the next five years, as the industry recovers from the effects of the COVID-19 outbreak.**

While competition is intense among industry operators, self-service and automatic car wash operators have low overheads due to their lower dependence on labour. Many operators have significantly invested in touch-free technology over the past five years, and will likely benefit from these changes over the next five years. Car wash cafes that depend on labour and spend a large percentage of their revenue on wages will be the most exposed to demand fluctuations, particularly as their services tend to be more expensive than automated washes.

The industry is projected to remain highly fragmented over the next five years. While some consolidation has occurred as franchise operations have grown from small-scale operations into national companies over the past decade, no individual operator dominates the industry. A fragmented range of services will likely continue to define the industry. Fuel retailers such as BP, Caltex and Coles Express are anticipated to continue accounting for a large share of the industry's car washes, although this factor will not likely limit competition from independent operators.

Performance Outlook Data

Year	Revenue ($m)	IVA ($m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand ($m)
2020–21	456	160	2,497	1,892	3,692	N/A	N/A	111	N/A
2021–22	471	164	2,518	1,892	3,664	N/A	N/A	112	N/A
2022–23	492	169	2,526	1,875	3,591	N/A	N/A	111	N/A
2023–24	509	172	2,531	1,877	3,547	N/A	N/A	110	N/A
2024–25	525	175	2,553	1,891	3,513	N/A	N/A	108	N/A

Industry Life Cycle

The life cycle stage of this industry is ⊖ Mature

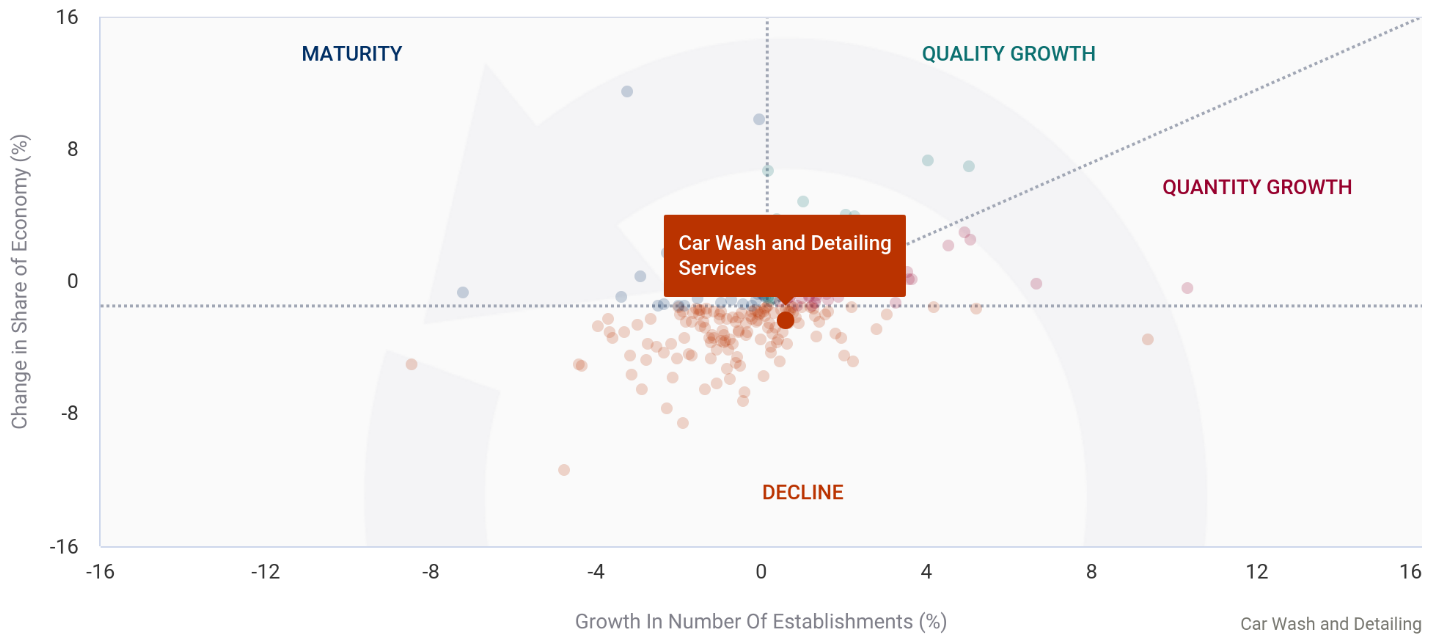
LIFE CYCLE REASONS

Industry participation has grown modestly over the past five years

The industry's products are familiar, with a high level of market penetration

The industry is underperforming the overall economy

Indicative Industry Life Cycle



Car Wash and Detailing Services
Source: IBISWorld

The Car Wash and Detailing Services industry is in the mature phase of its economic life cycle, typified by significant market penetration, and familiarity with the industry's products and services. While the industry is highly fragmented, its customers and markets have remained largely unchanged. The moderate rate of technological change has led to increased use of automation, water saving devices and recycling facilities.

Industry value added (IVA) measures an industry's contribution to the overall economy. IVA is forecast to decline at an annualised 0.1% over the 10 years through 2024-25. This trend represents an underperformance of the wider economy, with real GDP projected to grow at an annualised 1.9% over the same period. While declining IVA is typical of an industry in the decline phase of its economic life cycle, economic disruption caused by the COVID-19 outbreak has skewed the industry's performance. Overall, the industry is better characterised as mature.

Industry participation has increased over the past five years, in line with population growth and growth in the number of motor vehicles. Industry employment has declined over the past five years as players have invested in automated technologies to reduce costs and boost margins. However, demand for manual car wash and detailing services, particularly from higher income quintiles, has grown, constraining the decline in employment. Overall, the decline in employment is indicative of an industry in the mature stage of its life cycle.

Greater demand for convenience, along with an expanding range of service offerings, has supported industry demand over the past five years. Any further changes to environmental regulations would likely restrict residential car washing, expanding the industry's customer base. Industry operators have begun offering more value-added products and services to appeal to consumers. These products and services include drying towels, vacuum cleaners, floor mats and air fresheners for self-service customers. Furthermore, companies with full-service and conveyor-type car washes have increasingly offered upgraded waiting areas with café services and complimentary wireless internet access for their customers.

Products and Markets

Supply Chain

KEY BUYING INDUSTRIES

1st Tier

- Consumers in Australia
- Taxi and Limousine Transport in Australia
- Motor Vehicle Dealers in Australia

2nd Tier

- Passenger Car Rental and Hiring in Australia

KEY SELLING INDUSTRIES

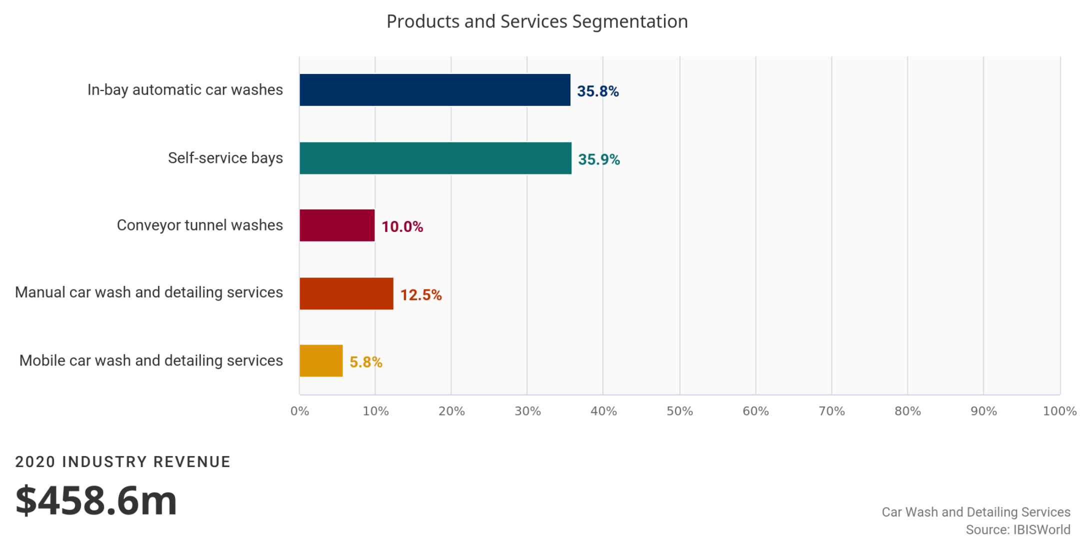
1st Tier

- Soap and Cleaning Compound Manufacturing in Australia
- Water Supply in Australia

2nd Tier

- Basic Organic Chemical Manufacturing in Australia
- Basic Inorganic Chemical Manufacturing in Australia
- Adhesive Manufacturing in Australia

Products and Services



> **The Car Wash and Detailing Services industry's products and services generally fit into three main categories: self-service, manual and automatic.**

Automatic car washes include both conveyor tunnel washes and in-bay automatic car washes, which can be further divided into friction and touch-free services. Car wash operators often provide more than one type of car wash service along with additional cleaning services, such as vacuum stations and full detailing.

Self-service bays

> **Self-service bays are typically card- or coin-operated, and allow a set amount of time for customers to wash their own car.**

Self-service bays allow customers to choose the amount of time allocated to rinse, scrub and polish the car. During the washing process, cars are housed in a large undercover bay with cleaning equipment including a foam brush and high-pressure hose. Vacuum stations are also usually available. Self-service bays are the closest substitute to at-home DIY car washing, and consumers often prefer them to at-home car washing due to their superior and more water-efficient equipment. Self-service bays that use recycled water have become particularly popular due to water restrictions that have been implemented due to drought conditions. Greater water availability over the past five years has meant that water restrictions have largely not increased. As a result, this segment has declined as a share of industry revenue over the period, with some consumers who previously used self-service bays instead washing their vehicles at home.

In-bay automatic car washes

> **In-bay automatic car washes are usually divided into two categories: friction washes, which use either plastic brushes or synthetic cloth strips to clean the vehicle, or touch-free washes, which use high-pressure hoses and detergents.**

Touch-free operations have become more popular with car owners over the past decade due to the potential damage that friction brushes can cause. Most in-bay automatic car washes are located in service stations (notably Coles Express and BP service stations). In-bay automatic car washes use significant amounts of water. When severe water restrictions were in place, car wash operators had to invest in water recycling systems to ensure that these washes met the restrictions. This segment has increased as a share of industry revenue over the past five years, as comparatively low service costs and rising demand for convenience have supported demand.

Manual car wash and detailing services

> **Manual car washes and detailing represent the most labour-intensive form of industry services.**

Many operators of manual car wash and detailing services have established cafes next to their operations to entice customers and provide a comfortable area for them to wait. These operators tend to provide the majority of the industry's detailing services and generate more revenue per customer compared with automated car washes. Several small franchise operators that offer premium services and customer convenience have entered this segment. Geowash, which is part of an international franchise group spanning 35 countries, uses technology that minimises water usage to about two litres per wash by applying water pressure and environmentally-friendly chemicals, and through manual labour. Demand growth from higher income consumers has supported a rise in the number of businesses in this segment over the past five years. As a result, this segment has increased slightly as a share of industry revenue over the period.

Conveyor tunnel washes

A typical conveyor tunnel wash uses stationary equipment with the vehicle moving through the tunnel on a conveyor system.

Firms in this segment generally have longer operating hours and have looked to improve patronage by offering customers access to cafes and free wi-fi. Operators of conveyor tunnel washes typically offer several services, including an express wash, wax or undercarriage wash. Some conveyor tunnel wash operators also provide attendants to complete interior and exterior detailing. Significant investment costs and the popularity of other car washes have caused this segment to decline as a share of industry revenue over the past five years.

Mobile car wash and detailing services

Mobile car wash and detailing service operators travel directly to the car owner's residence or business.

Most mobile car wash enterprises provide their own power, water tanks and pressure cleaners, and promote their superior convenience over other services. Customers call a central number or book a service online and the closest available franchisee goes to provide the car cleaning and detailing service. Due to the labour-intensive and customised nature of mobile services, this segment tends to be the most expensive for consumers. Mobile car wash services are particularly suited to the franchise model. Franchisors, such as Car Care and Jim's Car Cleaning and Detailing have grown using the mobile car wash model, contributing to this segment growing as a share of revenue over the past five years.

Demand Determinants

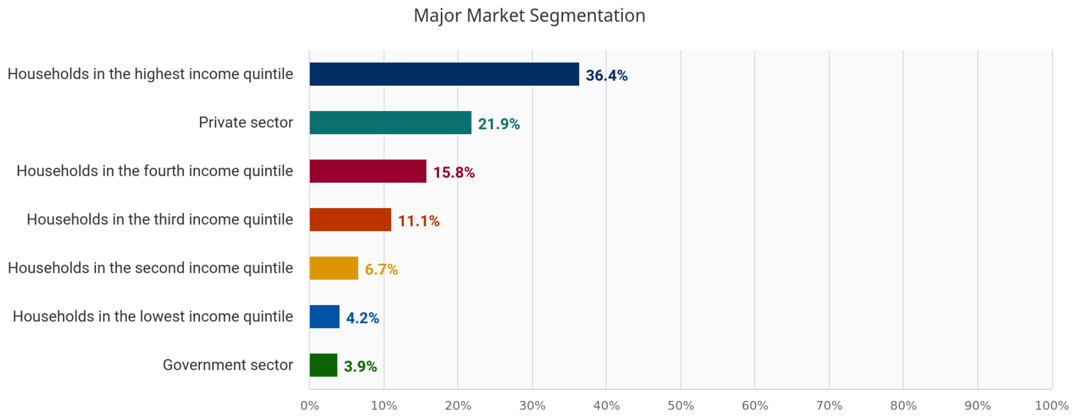
The number of registered vehicles on the road determines the potential size of the Car Wash and Detailing Services industry's market, making it an important demand determinant for industry services.

Motor vehicle numbers have grown over the past five years, expanding the industry's potential market and boosting demand. The average age of the national vehicle fleet also influences industry demand, as consumers are more likely to spend money on having newer vehicles washed and detailed. However, the average age of the vehicle fleet has remained largely stable over the past five years.

Environmental awareness, both perceived and forced, has also driven demand for industry services over the past decade. Drought-related water restrictions were in place in many parts of Australia in the 2000s, effectively banning or severely restricting at-home car washing in some states and local government areas. These restrictions benefited the industry as car owners could only wash their cars at water-efficient commercial car washes that promoted water recycling. Even though the most severe water restrictions have ended, water efficiency is now ingrained for many Australians. The industry has therefore continued to benefit from the period of drought.

Household discretionary incomes also affect demand for industry services, as consumers with higher amounts of discretionary income tend to spend more on non-essential car wash and detailing services. Falling discretionary incomes have constrained demand for industry services over the past five years. However, rising demand for convenience has supported continued demand for the industry over the period.

Major Markets



2020 INDUSTRY REVENUE

$458.6m

Car Wash and Detailing Services
Source: IBISWorld

Households are the Car Wash and Detailing Services industry's largest market. Vehicle owners with higher incomes tend to have their vehicles washed and detailed more frequently, and are more willing to pay for expensive manual services. In contrast, vehicle owners with lower incomes generally wash their vehicles less frequently and are more likely to use inexpensive self-service bays. The industry also generates revenue from the private and government sectors.

Households in the highest income quintile

Vehicle owners in this segment tend to spend more of their income on manual washing and detailing services, which are generally more expensive than automated car washes. These vehicle owners are also more likely to own high-value vehicles and place greater importance on keeping these vehicles in optimal condition. Despite an overall decline in household discretionary income over the past five years, discretionary incomes have remained strong among households in this segment. Consequently, this segment has increased as a share of industry revenue over the period.

Households in the fourth income quintile

Vehicle owners in this segment are similar to the highest income earners, but are less likely to own high-value vehicles. These vehicle owners are likely to use a combination of manual washing and detailing services, and in-bay or conveyor tunnel automatic washes. Discretionary incomes in the higher income quintiles have remained strong over the past five years, with households in these quintiles therefore more likely to spend on professional cleaning and servicing. This market has increased as a share of industry revenue over the period, largely due to declines in demand from lower income households.

Households in the third income quintile

Households in the third income quintile are less likely to own new vehicles. These consumers place greater importance on spending their income on essential items, rather than discretionary services such as car washes. However, strong sales of new cheaper vehicles, such as fuel-efficient small cars, have contributed to increased demand for car wash and detailing services from this segment. This market has therefore grown marginally as a share of industry revenue over the past five years.

Households in the second income quintile

Households in this income quintile are less likely to own new vehicles and generally wash their vehicles less frequently, as their income does not allow for frequent professional services. These vehicle owners are less likely to use manual car washing services, and are more likely to use in-bay automatic washes or self-service bays. Relaxed water restrictions over the past five years have enabled these households to wash their vehicles at home more frequently, contributing to this segment declining as a share of industry revenue.

Households in the lowest income quintile

Similar to households in the second income quintile, households in this segment are less likely to own new vehicles, and their income does not allow for frequent washes. These consumers are also less likely to own a vehicle altogether, preferring to use cheaper public transport. Vehicles owners in this segment use self-service bays more compared with any other industry service. Relaxed water restrictions have allowed potential customers to wash their cars at home, which has caused revenue from the segment to decline over the past five years.

Private sector

Firms in the private sector often need their fleet vehicles washed and detailed. While services used depend on the company type, this segment is most likely to use in-bay and conveyor tunnel automatic washes. Large logistics firms with their own vehicle fleets generally have their own wash facilities at a depot and do not use commercial car washes. Demand for industry services therefore mainly comes from small delivery vehicles and vans, and passenger vehicles used as corporate cars. However, taxi fleet operators have been increasingly outsourcing car washing and motor vehicle dealers have been outsourcing car detailing, particularly small-scale businesses with limited on-site detailing capacity. Online shopping has boosted the amount of delivery vehicles on the road over the past five years. This trend, along with greater demand from vehicle dealers and taxi companies, has boosted this segment's share of industry revenue over the period.

Government sector

All levels of government manage vehicle fleets. Similar to the private sector, the government sector largely owns passenger vehicles, providing strong demand for the industry's services. However, the government sector's revenue share is much lower than that of the private sector, and has shrunk over the past five years due to rising vehicle ownership among households.

International Trade

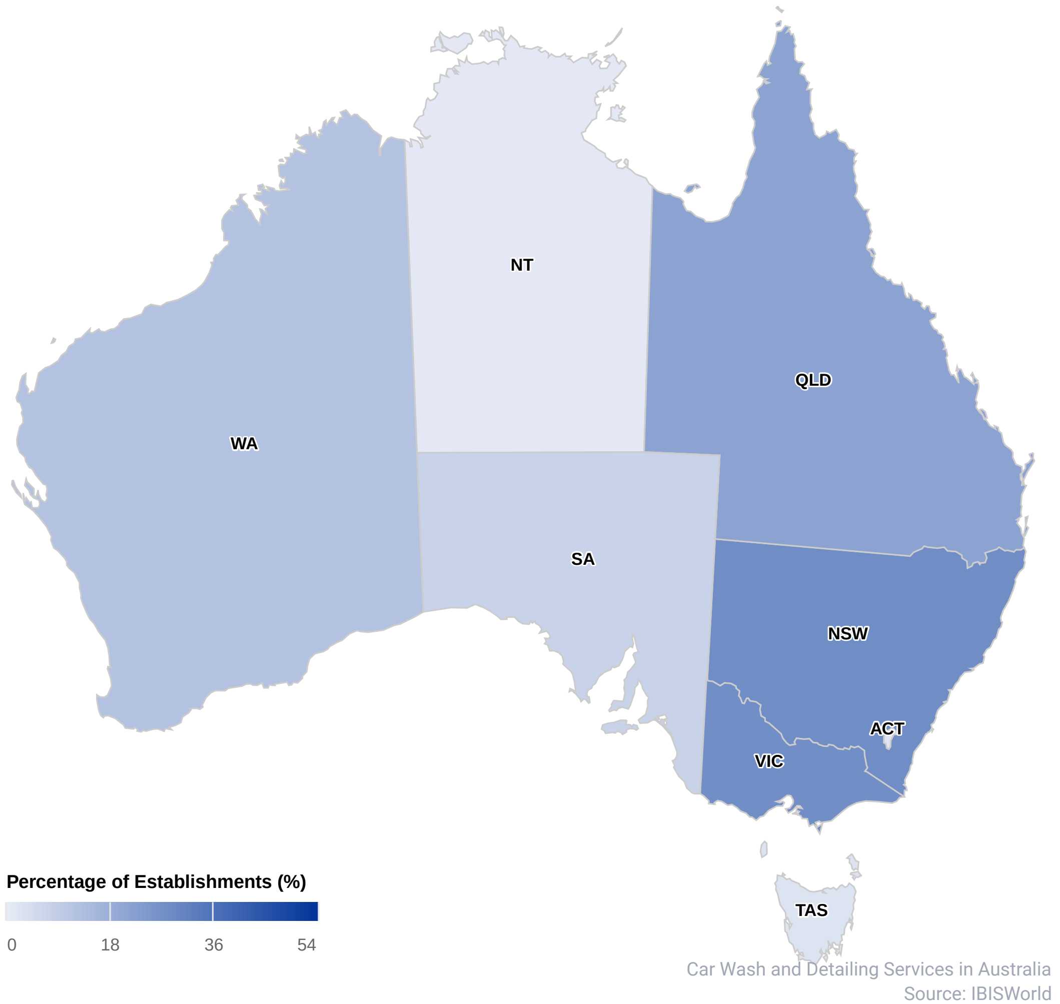
Exports in this industry are Low and Steady

Imports in this industry are Low and Steady

The Car Wash and Detailing Services industry is service-based. As a result, international trade is not a feature of the industry. Although international tourists use the industry's services, these services are not recorded as imports or exports.

Business Locations

Business Concentration in Australia

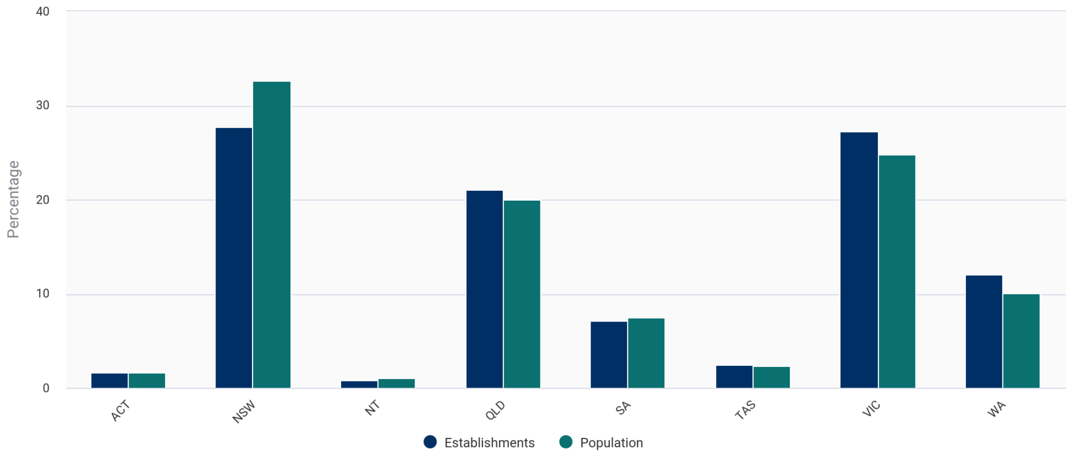


The location of businesses in the Car Wash and Detailing Services industry is highly correlated with population and car ownership distribution. States with the greatest number of car wash establishments are therefore Victoria, New South Wales and Queensland. Firms benefit from being located in urban markets, in close proximity to commuting traffic, motor vehicle dealers and taxi depots.

The industry first developed in Victoria, which has been its stronghold in terms of car wash businesses per capita. This trend partly reflects the high rate of car ownership in Victoria and population concentration relative to New South Wales. The industry's largest player, Magic Hand Car Wash, began operations in Victoria in 1994 and has since expanded across five states.

Western Australia exhibited the fastest growth in industry establishments during the mining investment boom. Income growth in the state allowed car owners to spend more on vehicle-related cleaning and maintenance. The mining boom has largely ended, dampening the pace of expansion in Western Australia.

Distribution of Establishments vs Population



Car Wash and Detailing Services
Source: IBISWorld

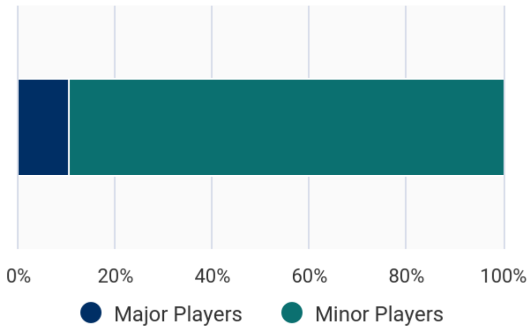
Competitive Landscape

Market Share Concentration

Concentration in this industry is Low

The Car Wash and Detailing Services industry exhibits low market share concentration. The four largest players are expected to account for slightly more than 20% of annual industry revenue in the current year. Only one operator is expected to generate more than 5% of industry revenue in 2019-20. The industry's highly fragmented nature is partly due to the extensive range of services offered and high competition. Many car wash establishments are run as family businesses.

Market Share Concentration



Car Wash and Detailing Services
Source: IBISWorld

Several operators own more than one car wash establishment, typically in a certain state, territory or geographic region. While operators can gain limited economies of scale from owning and operating more than one car wash, knowledge of the industry can assist with opening additional locations. The industry has slightly consolidated over the past five years, with franchised establishments becoming more common.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Business expertise of operators: The industry largely consists of small, privately owned operators. As a result, businesses can benefit from knowledge on how to run day-to-day activities and deal with industry issues.

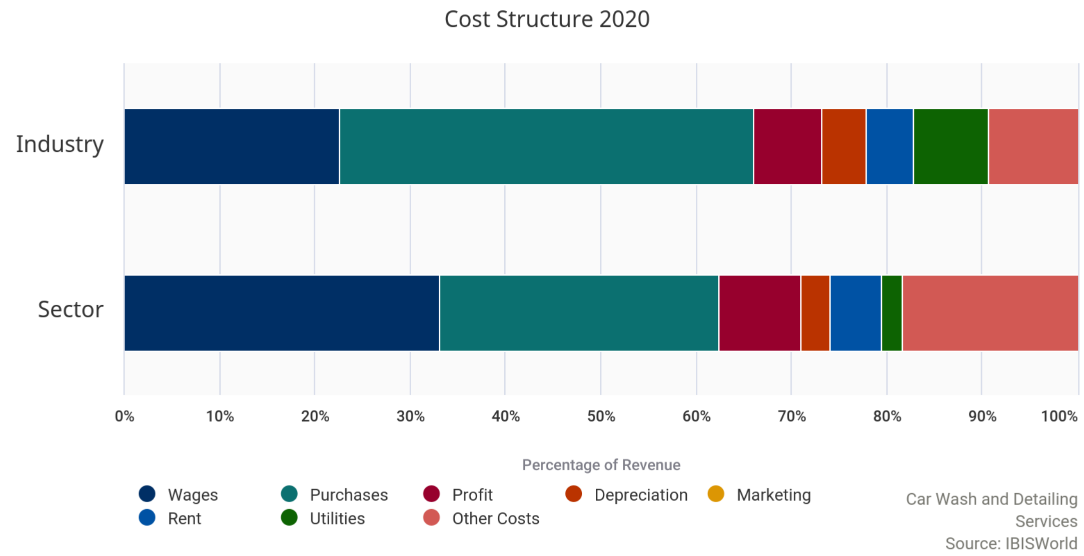
Proximity to key markets: Industry firms benefit from operating close to busy roads and intersections. The volume of passing traffic strongly influences a car wash business's success.

Having a loyal customer base: Car wash operators compete on the basis of providing superior value and customer service. As a result, attracting and retaining a loyal customer base is crucial to success.

Access to the latest available and most efficient technology and techniques: Car washes with the most up-to-date technology typically attract more customers and can charge higher prices. Technology also reduces dependence on labour, lowering fixed costs and boosting profit.

Ability to accommodate environmental requirements: Industry firms are subject to stringent environmental restrictions relating to water usage and effluent. Firms can generate demand from environmental regulations, with many successful firms promoting an environmentally aware image and service.

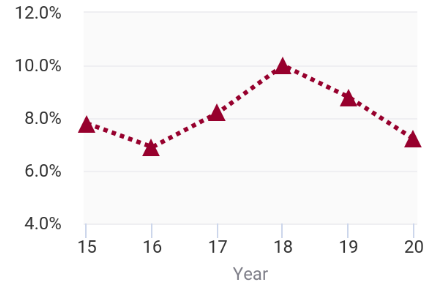
Cost Structure Benchmarks



Profit

Industry profit increased over most of the past five years, as higher demand for industry services allowed players to charge higher prices. However, industry profit has declined overall over the past five years. This fall has largely been caused by the revenue decline in the current year, due to adverse economic conditions associated with the COVID-19 outbreak. Nevertheless, the industry's low dependence on labour and use of technology have supported profitability. Most industry firms derive revenue from automatic in-bay car washes and self-service bays that require little labour input. Furthermore, industry firms have emphasised the adverse environmental effects of home washing and the technological efficiency of modern car washes, allowing them to price services at a premium. Many industry operators encourage customers to purchase additional services, such as waxing and polishing, which boosts profitability.

Profit as a Share of Revenue 2015-2020

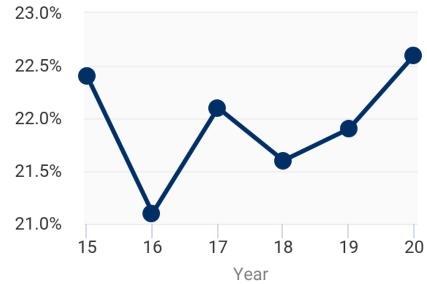


Car Wash and Detailing Services
Source: IBISWorld

Wages

The industry generates most of its revenue from automated or self-service car washes that require minimal labour inputs. However, more labour-intensive services, such as manual and mobile car washing services, have increased as a share of the industry over the past five years. Industry firms have hired more highly skilled workers, as more consumers have demanded more labour-intensive services over the past five years. As a result, wage costs have increased as a share of industry revenue over the period. Employees that provide manual car wash services tend to work on a part-time basis, constraining the industry's average wage.

Wages as a Share of Revenue 2015-2020

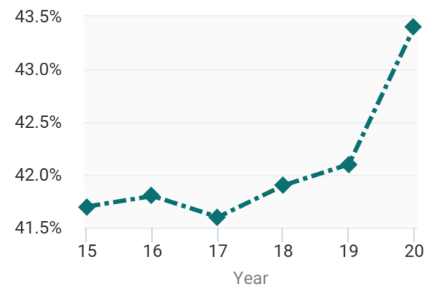


Car Wash and Detailing Services
Source: IBISWorld

Purchases

Purchases account for the largest share of industry costs, and comprise cleaning and washing agents such as soaps, detergent, waxing and rinsing aids. Many of the industry's largest players are franchise operators that specify the inputs used by their franchisees and often supply their own brands on wholesale arrangements. These agreements tend to stabilise input prices for most of the industry. Purchase costs have increased as a share of

Purchases as a Share of Revenue 2015-2020



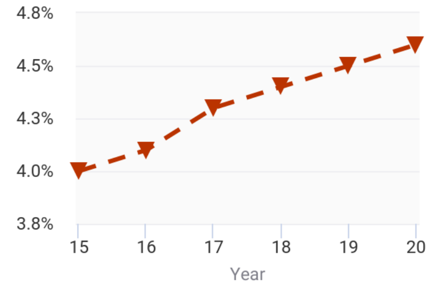
Car Wash and Detailing Services
Source: IBISWorld

revenue over the past five years, largely due to the anticipated decline in industry revenue in the current year.

Depreciation

Depreciation costs account for significant proportion of industry revenue, as high capital investment is required for automated car wash equipment. Depreciation costs have risen as a share of revenue over the past five years. These costs have risen as industry operators have increasingly upgraded their equipment and payment systems.

Depreciation as a Share of Revenue 2015-2020

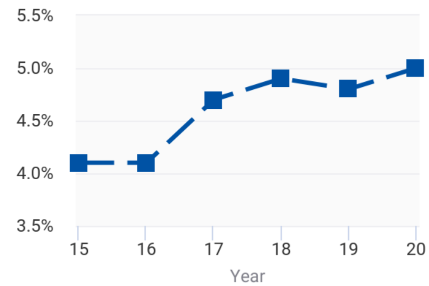


Car Wash and Detailing Services
Source: IBISWorld

Rent

Premises rental costs represent a substantial share of industry operating expenses. These costs have increased as a share of industry revenue over the past five years due to higher property prices. High rental costs reflect industry businesses' need to operate in a high-profile location with adequate space for cars to manoeuvre, particularly for self-service bays and manual cleaning. Automated systems also require substantial space, particularly for conveyor tunnel washes. Mobile service providers require little rented accommodation, as they can run the business from a specially fitted vehicle.

Rent as a Share of Revenue 2015-2020



Car Wash and Detailing Services
Source: IBISWorld

Utilities

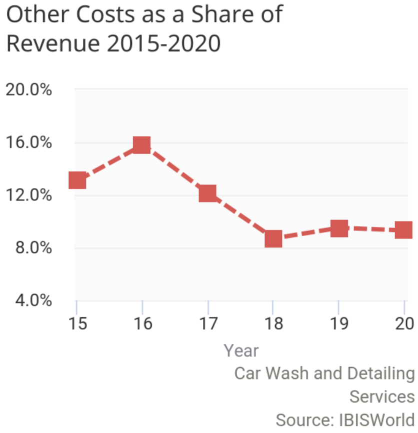
Industry firms incur high utility costs due to their dependence on water. The Australian Car Wash Association estimates that commercial car washes can use up to 50 litres of water per vehicle, with highly automated or technically advanced systems using less water. Due to Australia's highly restrictive water-use policies, most car washes must adhere to the Car Wash Water Saver Rating Scheme. Despite measures to conserve water and power usage, utility costs have increased as a share of revenue over the past five years due to strong increases in water pricing by public water and sewerage authorities. Operators have sought to minimise their water costs by recycling water or using alternative supplies for their automotive and self-serve systems.

Utilities as a Share of Revenue 2015-2020

Car Wash and Detailing Services
Source: IBISWorld

Other Costs

Other expenses incurred by industry operators include marketing, insurance, security and administration costs. Some of these expenses are covered under franchise agreements for some industry operators. Most of these expenses are variable costs that change according to demand conditions. Maintenance expenses make up another important cost for industry operators, as firms cannot afford to have automatic car washing bays out of order for extended periods. Overall, these costs have declined as a share of industry revenue over the past five years.



Basis of Competition

Competition in this industry is ⚠ High and Steady

> **The Car Wash and Detailing Services industry is highly competitive due to its fragmented nature.**

The industry's many small, independent operators compete with each other on location, price and services offered. External competition comes from factors that encourage consumers to wash their vehicles at home.

Internal competition

> **Location and traffic visibility are the major points of competition in the industry, particularly for conveyor tunnel, automated bay and manual self-serve bay car washes.**

Operators providing these services are generally similar in nature, and many consumers are likely to visit the operator closest to their home or workplace. These operators also compete on price, as consumers often use the service that is the most cost-effective. Local car washes can attempt to gain customer loyalty by offering discounts and vouchers to local residents.

Car washes may offer additional services such as catering for specialist vehicle types (e.g. trucks and trailers), and offering oil and lube changes. Furthermore, more operators are providing wi-fi and cafe services, and revamping their waiting rooms to differentiate themselves. Some car washes are located close to other automotive care service providers, such as mechanical repair and body shops, which can boost demand.

External competition

External competition for the industry comes from consumers washing their cars at home, rather than using the industry's services.

Consumer goods can also act as an alternative to using the industry's services, with turtle wax and other polish products aiming to provide a different option to receiving a professional car wash and detail. According to a survey conducted by the International Carwash Association in 2018, an estimated 35% of Australians had only washed their cars at home in the year prior to taking the survey. In comparison, 16% of consumers in the United States reported having only washed their cars at home.

Barriers to Entry

Barriers to entry in this industry are Medium and Steady

The Car Wash and Detailing Service industry has moderate barriers to entry. Initial capital investment is the biggest impediment to potential players. The industry's largest player, Magic Hand Car Wash, operates a franchising model with significant set-up costs for each new franchise. However, set-up costs vary significantly depending on the type of service offered, with mobile service providers typically incurring much lower franchise fees (e.g. Car Care and Geowash). The mobile and self-service segments are significantly less capital-intensive than the highly automated conveyor tunnel and in-bay automatic car wash segments, and consequently have lower barriers to entry.

Barriers to entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Mature
Technology Change	Medium
Regulation & Policy	Medium
Industry Assistance	Low

Barriers to entry relating to skills, inputs and regulation are minimal. Most industry employees do not require specialist training or qualifications. New entrants must adhere to self-regulated environmental policies, particularly regarding water usage and chemical waste. While the industry's highly fragmented nature suggests that industry concentration is not a significant barrier to entry, the existence of numerous car washes in a particular geographic area might deter potential entrants for fear of operating in a crowded and mature market.

Industry Globalization

Globalization in this industry Low and Increasing

The Car Wash and Detailing Services industry has a low level of globalisation. The industry exclusively services the domestic market, with no international trade. The industry includes little foreign ownership. The major oil companies, such as BP Australia, oversee car washes in their petrol stations. International franchising in the industry has increased over the past five years due to Geowash's entry to the local market. Geowash has operations spanning 35 countries in Europe, North America, South America, Africa, Asia and the Middle East.

Major Companies

Major Players

MAGIC HAND CAR WASH FRANCHISOR PTY LTD

Market Share: 10.6%

Magic Hand Car Wash Franchisor Pty Ltd (MHCW) is the largest provider of hand car wash services in Australia and the industry's largest player in revenue terms. MHCW was founded in Melbourne in 1994 and combines car washes with cafes. MHCW has grown through a franchise model and currently has more than 45 locations across Victoria, Queensland, South Australia, Western Australia and Tasmania.

MHCW provides manual car wash and detailing services. Consequently, the company's labour costs are higher than those of automatic car wash operators. The number of MHCW franchises grew quickly in the early half of the 2000s as cafe-style car washes became popular. The franchise covers exclusive rights to a location, and franchisees are provided with five weeks of training. In addition to an initial licensing fee, franchisees pay monthly royalty and marketing levies. The company washes approximately 700,000 cars each year, with services offered including inside and exterior wash, car detailing ranging from mini detailing through to full detailing, cut and polish, leather treatment, and paint and interior protection. The company also offers scratch and dent repair for panels, wheels and bumpers.

Financial performance

MHCW's industry-specific revenue is expected to increase at an annualised 0.5% over the five years through 2019-20, to $48.5 million. This result represents an outperformance of the overall industry over the same period. MHCW's outperformance of the wider industry can be attributed to its premium offerings, which are less sensitive to changes in discretionary income. The company's industry-specific profitability has increased over most of the past five years, as revenue growth has mostly outpaced the rise in expenditure. However, both industry-specific revenue and profit are anticipated to decline in the current year due to deteriorating economic conditions related to the COVID-19 outbreak.

Magic Hand Car Wash Franchisor Pty Ltd – industry segment performance*

Year	Revenue ($m)	Growth (% change)
2009-10	31.6	N/C
2010-11	33.5	6.0
2011-12	36.0	7.5
2012-13	41.2	14.4
2013-14	43.7	6.1
2014-15	47.2	8.0
2015-16	49.1	4.0
2016-17	52.4	6.7
2017-18	54.9	4.8
2018-19	56.1	2.2
2019-20	48.5	-13.5

Source: IBISWorld

Note: *Estimate

Other Players

The Car Wash and Detailing Services industry is highly fragmented, with only one major player holding a market share greater than 5%. The range of services provided by industry operators contributes to the low market concentration, as some operators specialise in certain types of car wash. Other significant players include BP Australia, Coles Express Car Wash, and Mpower Franchising, which is the parent company of mobile detailer Car Care.

BP AUSTRALIA INVESTMENTS PTY LTD

BP Australia Investments Pty Ltd is a wholly owned subsidiary of major oil company BP plc. Approximately 1,300 BP service stations operate in Australia. The ownership structure of BP sites varies, as some are company owned, while others are franchises or distributor owned. BP operates in the industry through its automated car washes located at about 60 service stations across Australia. BP's car washes use technology that can wash a car in approximately six minutes.

COLES GROUP LIMITED

Coles Group Limited is involved in the industry through its subsidiary Eureka Operations Pty Ltd, which operates 55 Coles Express Car Wash locations throughout Australia. Coles Express is a chain of convenience stores located at independently franchised Shell Australia petrol stations. Coles Group Limited was previously a wholly owned subsidiary of ASX-listed Wesfarmers Limited. However, in November 2018, Coles underwent a demerger and listed separately on the ASX. Wesfarmers retains a 15% ownership stake in the listed company.

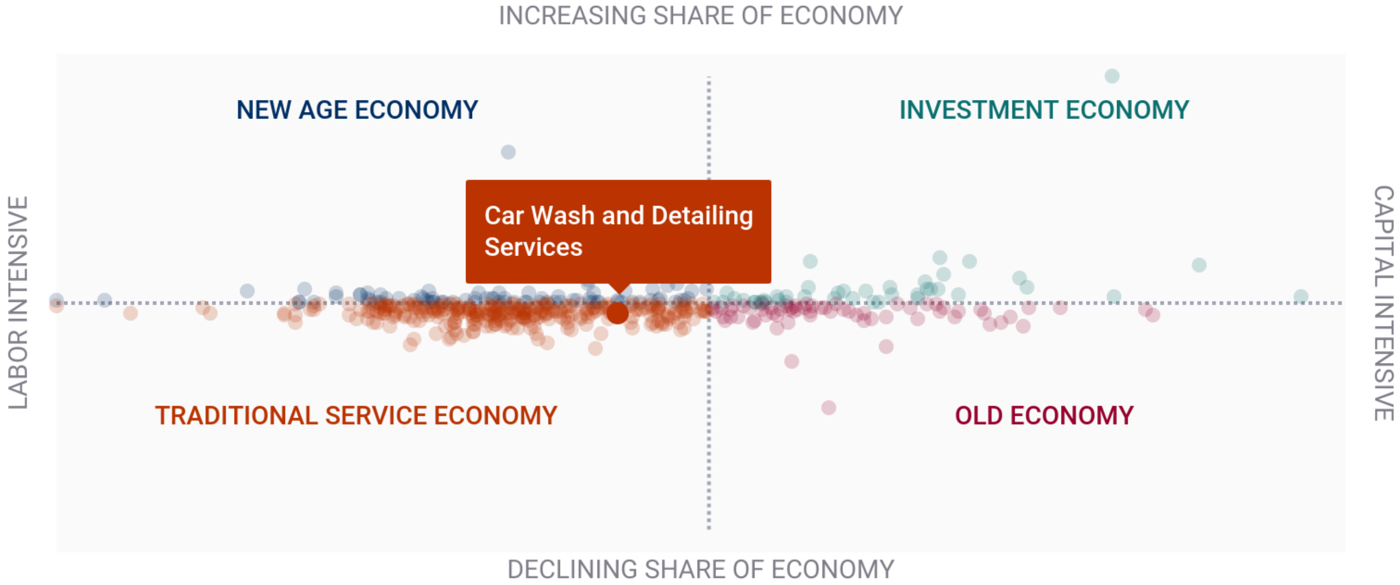
The Coles Express Car Wash is an automated system fitted with state-of-the-art art brush technology and many locations feature touchless wash options. The wash times range between 3.5 to 8 minutes, and can include foam wash, wheel cleaning, underbody clean, polish and drying. Other self-cleaning options are available through on-site vending machines dispensing Armor All wipes, glass cleaners and shammy cloths, along with vacuum cleaners. Car wash prices range from the basic Wash Express at $11 per car to the Platinum Combi at $20 per car.

MPOWER FRANCHISING PTY LTD

Mpower Franchising Pty Ltd is the parent company of Car Care Australia Pty Ltd, a major franchiser of mobile car washing and detailing services. Car Care has a network of over 200 franchises across all Australian states and territories. The company also operates in China and the North Island of New Zealand. The business allows car owners to call a central phone number and arrange a service with the closest available franchisee. The franchise agreement involves an initial investment, typically on a 10-year franchise license. The license includes a fit-out and signage, initial training, marketing materials and insurance. Car Care franchises tend to price their services at the premium end of the market, although pricing varies among states.

Operating Conditions

Costs of Growth: Targeting Capital vs. Labor

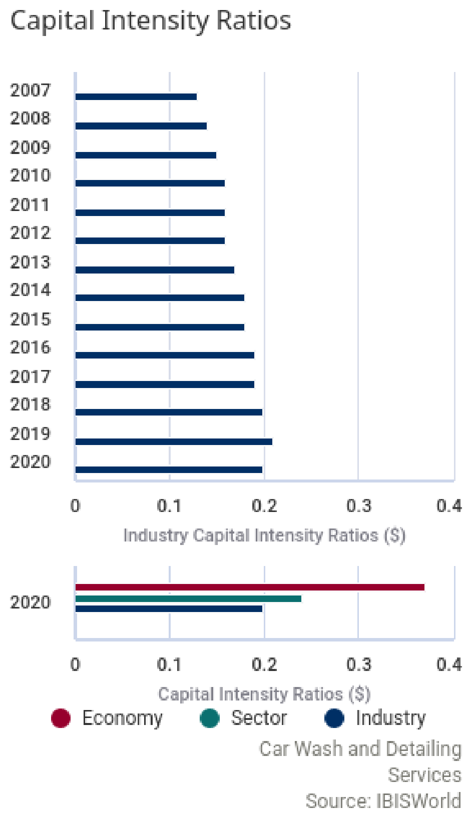


Car Wash and Detailing Services in Australia
Source: IBISWorld

Capital Intensity

The level of capital intensity is ⊖ Medium

The Car Wash and Detailing Services industry is moderately capital-intensive. For every dollar spent on wage costs in 2019-20, industry operators will invest an estimated $0.20 in capital. However, capital intensity can vary substantially among industry firms according to the type of car wash service offered. Conveyor tunnel and in-bay automatic washes require a much higher capital outlay as the services provided rely on the equipment, which is either used by the customer or fully automated. Full-service providers and detailers have higher wage costs due to the significant labour component involved. The industry's capital intensity has increased over the past five years, as industry operators have looked to reduce costs by investing in greater automation and more efficient equipment.



Technology And Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruption	Description
High	Ease of Entry	Likely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
Low	Rate of Innovation	Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
Low	Rate of Entry	Unlikely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
Very Low	Innovation Concentration	Very Unlikely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
Very Low	Market Concentration	Very Unlikely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new

Level	Factor	Disruption	Description
			market entry point for disruptive technologies to capture market share.

The industry is experiencing a low level of both the rate of new patents and the concentration of patents in the industry. This creates an environment where the threat of new technologies driving disruption is low.

The technological factors supporting the disruptive innovation potential are connected to an industry structure that is accommodative to new entrants. The relative ease of entry into the industry magnifies the threat of disruption regardless of other factors as one-off occurrences are more likely to succeed. However, the current rate of new entrants is low, suggesting that there is a limited number of new companies that are potential innovators within the industry.

Major market segments for industry operators are relatively diversified. The spread of market segments suggests that there are limited entry points other than those already served my incumbent operators.

Technology disruption in the Car Wash and Detailing Services industry has primarily come from a growing number of online, on-demand car washing businesses emerging over the past five years.

As the number of mobile internet connections around Australia has grown, consumers have increasingly turned to online services due to their convenience. For example, Perth-based Refresh was established in 2016 and in January 2019 announced it was expanding its offerings to Melbourne. Sydney-based WipeHero was also established in 2016. In addition to offering on-demand car washing services, WipeHero has also developed a waterless polymer cleaning technology that it has placed under intellectual property protection.

The level of technology change is ⊖ Medium

The Car Wash and Detailing Services industry has undergone moderate technological change over the past decade, with industry firms benefiting from various technological developments.

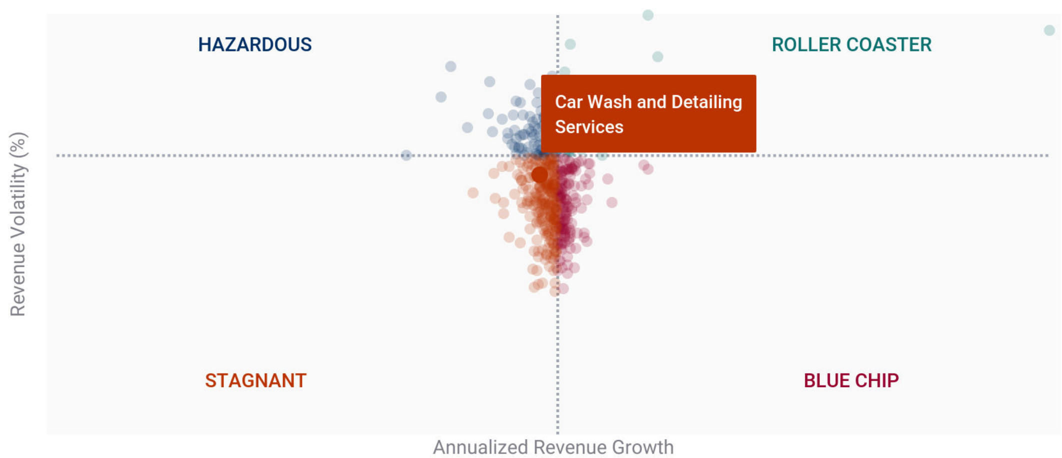
Improvements in water efficiency for automated car wash machines have been the most significant changes due to strictly imposed water restrictions in some parts of Australia. Most advanced car wash machines now use less water than the average shower and recycle up to 85% of used water. Recycling systems must be able to control bacteria, as automatic equipment can be particularly sensitive to water particle size. Coupled with more energy efficient equipment, these advances have helped operators significantly reduce their environmental impact.

In response to vehicle owners' concerns regarding vehicle damage caused by friction-based brushes, many car wash operators now employ touch-free technology. This technology uses high-pressure water jets and chemical integration to clean the vehicle, and the wash equipment does not physically make contact with the car. These improvements have contributed to increased productivity, lower operating costs and lower reliance on labour inputs throughout the industry.

Revenue Volatility

The level of volatility is ⊖ Medium

Volatility vs. Growth



Car Wash and Detailing Services
Source: IBISWorld

Note: Revenue growth and decline reflective of 5-year annualized trend. Y-axis is in logarithmic scale. Y-axis crosses at long-run GDP. X-axis crosses at high volatility threshold.

The Car Wash and Detailing Services industry has displayed moderate revenue volatility over the past five years.

While some external factors can contribute to spikes or lulls in revenue, the high level of car ownership in Australia underpins demand for the industry's services. The number of motor vehicles on Australian roads has increased over the past five years, exceeding the pace of national population growth and supporting steady demand growth for the car washing and detailing services. However, falling discretionary incomes have constrained demand for industry services over the past five years, as more consumers have either opted for cheaper options or forgone industry services entirely. This trend has largely driven the industry's revenue volatility over the past five years.

Regulation & Policy

The level of regulation is ⊖ Medium and is Increasing

Regulation in the Car Wash and Detailing Services industry is moderate and increasing.

To date, most regulation has been self-enforced as the industry has sought to uphold its reputation for environmental awareness. Car wash operators can apply to obtain a Water Safety Rating that is approved by the federal water efficiency label and Smart Approved WaterMark. Increased environmental consciousness and greater concerns regarding water usage are anticipated to contribute to greater regulation of the industry over the next five years.

All commercial car wash operations must have a valid Trade Waste Agreement with the relevant water authority. This agreement governs the safe discharge of trade waste effluent into the sewerage system. Trade waste discharged by car washes is considered medium to high risk due to the chemicals it contains. Typically, operators must lodge an application that describes the water's treatment prior to entering the sewerage system and a list of the hazardous chemicals used.

Modern Slavery Act

In November 2018, the Federal Government passed the Modern Slavery Act 2018.

The act, which came into force on 1 January 2019, is a new reporting requirement for larger Australian businesses. Companies that generate an annual consolidated revenue of at least $100.0 million will have to report on how they act to mitigate the risks of modern slavery in their operations and supply chains. The first reports will relate to 2018-19, with most reports being released in 2020. The NSW Government is also considering its own state-based version of the report, which would make businesses with consolidated annual revenue of at least $50.0 million have to report. The NSW Modern Slavery Act 2018 was due to come into force on 1 July 2019, but was delayed for further consultation.

The Modern Slavery Act is expected to lightly affect the Car Wash and Detailing Services industry. Modern slavery risks in the industry are low, as services are provided domestically and generally do not require extensive labour inputs. In addition, most industry firms are small businesses that do not meet the reporting threshold. Nevertheless, industry operators will need to take action to ensure that modern slavery is not found in their supply chains.

Industry Assistance

The level of industry assistance is ⚠ Low and is Steady

The Car Wash and Detailing Services industry receives no direct government assistance.

However, the industry does benefit from government-imposed water restrictions. These restrictions discourage or prohibit households from washing their car at home and encourage greater patronage of the industry.

The Australian Car Wash Association (ACWA) supports the industry. The ACWA lobbies government bodies on behalf of its members and provides information on industry standards, industrial relations, environmental issues, and the development of the national Water Saver Rating system. The ACWA also provides members with the opportunity to interact with other members and suppliers.

Key Statistics

Industry Data

Year	Revenue ($m)	IVA ($m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand ($m)
2011–12	500	167	2,264	1,718	4,045	N/A	N/A	111	N/A
2012–13	509	169	2,233	1,677	3,863	N/A	N/A	111	N/A
2013–14	484	164	2,144	1,581	3,615	N/A	N/A	107	N/A
2014–15	518	177	2,357	1,767	3,908	N/A	N/A	116	N/A
2015–16	574	184	2,438	1,826	3,887	N/A	N/A	121	N/A
2016–17	557	193	2,332	1,736	3,723	N/A	N/A	123	N/A
2017–18	556	200	2,359	1,769	3,688	N/A	N/A	120	N/A
2018–19	548	193	2,356	1,770	3,647	N/A	N/A	120	N/A
2019–20	459	158	2,526	1,877	3,494	N/A	N/A	104	N/A
2020–21	456	160	2,497	1,892	3,692	N/A	N/A	111	N/A
2021–22	471	164	2,518	1,892	3,664	N/A	N/A	112	N/A
2022–23	492	169	2,526	1,875	3,591	N/A	N/A	111	N/A
2023–24	509	172	2,531	1,877	3,547	N/A	N/A	110	N/A
2024–25	525	175	2,553	1,891	3,513	N/A	N/A	108	N/A

Annual Change

Year	Revenue (%)	IVA (%)	Estab. (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)
2011–12	-2.95	3.27	-5	-6	0	N/A	N/A	-1.16	N/A
2012–13	1.71	1.13	-1	-2	-4	N/A	N/A	-0.10	N/A
2013–14	-4.92	-3.20	-4	-6	-6	N/A	N/A	-3.25	N/A
2014–15	7.12	8.37	10	12	8	N/A	N/A	8.19	N/A
2015–16	10.7	3.89	3	3	-1	N/A	N/A	4.21	N/A
2016–17	-2.86	4.66	-4	-5	-4	N/A	N/A	1.73	N/A
2017–18	-0.26	3.78	1	2	-1	N/A	N/A	-2.52	N/A
2018–19	-1.35	-3.55	-0	0	-1	N/A	N/A	0.00	N/A
2019–20	-16.4	-18.1	7	6	-4	N/A	N/A	-13.6	N/A
2020–21	-0.51	1.01	-1	1	6	N/A	N/A	7.03	N/A
2021–22	3.19	2.81	1	0	-1	N/A	N/A	0.81	N/A
2022–23	4.58	2.86	0	-1	-2	N/A	N/A	-0.90	N/A
2023–24	3.35	1.77	0	0	-1	N/A	N/A	-1.36	N/A
2024–25	3.18	1.68	1	1	-1	N/A	N/A	-1.28	N/A

Key Ratios

Year	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per estab.	Average Wage
2011–12	33.4	N/A	N/A	124	22.2	1.79	27,466
2012–13	33.2	N/A	N/A	132	21.8	1.73	28,734
2013–14	33.8	N/A	N/A	134	22.2	1.69	29,710
2014–15	34.2	N/A	N/A	133	22.4	1.66	29,734
2015–16	32.1	N/A	N/A	148	21.1	1.59	31,155
2016–17	34.6	N/A	N/A	150	22.1	1.60	33,092
2017–18	36.0	N/A	N/A	151	21.6	1.56	32,565
2018–19	35.2	N/A	N/A	150	21.9	1.55	32,931
2019–20	34.5	N/A	N/A	131	22.6	1.38	29,708
2020–21	35.0	N/A	N/A	124	24.3	1.48	30,092
2021–22	34.9	N/A	N/A	129	23.8	1.46	30,568
2022–23	34.3	N/A	N/A	137	22.5	1.42	30,911
2023–24	33.8	N/A	N/A	144	21.5	1.40	30,871
2024–25	33.3	N/A	N/A	150	20.6	1.38	30,771

Additional Resources

Additional Resources

Australian Car Wash Association

http://www.acwa.net.au

Carwash World

http://www.carwashworld.com.au

Smart Approved WaterMark

http://www.smartwatermark.org

Australian Bureau of Statistics

http://www.abs.gov.au

Industry Jargon

CONVEYOR TUNNEL WASH

Tunnel washes use a conveyor to move the vehicle through a series of fixed cleaning mechanisms.

DETAILING

A service that involves cleaning, polishing and waxing the outside and inside of a motor vehicle. It can also include rejuvenating the vehicle's surfaces.

IN-BAY AUTOMATIC CAR WASH

A type of car wash where the vehicle remains stationary while an automatic machine cleans it.

Glossary Terms

BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labour. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labour; medium is $0.125 to $0.333 of capital to $1 of labour; low is less than $0.125 of capital for every $1 of labour.

CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld’s reports are made using the Australian Bureau of Statistics' implicit GDP price deflator.

DOMESTIC DEMAND

Spending on industry goods and services within Australia, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT

The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS

Total value of industry goods and services sold by Australian companies to customers abroad.

IMPORTS

Total value of industry goods and services brought in from foreign countries to be sold in Australia.

INDUSTRY CONCENTRATION

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%; medium is 5% to 20%; and high is more than 20%. Imports/domestic demand: low is less than 5%; medium is 5% to 35%; and high is more than 35%.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20%; high volatility is ±10% to ±20%; moderate volatility is ±3% to ±10%; and low volatility is less than ±3%.

WAGES

The gross total wages and salaries of all employees in the industry.

IBISWorld
WHERE KNOWLEDGE IS POWER

IBISWorld helps you find the industry information you need – fast

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions.If you're not yet a member of IBISWorld, contact us at +61-3-9655-3800 or info@IBISWorld.com to learn more.