INDUSTRY REPORT

Car Wash and Detailing Services in Australia

Mar 2023

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.

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About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

1. About

https://my.ibisworld.com/au/en/industry/OD5235/about

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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.

Related Terms

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.

CONVEYOR TUNNEL WASH

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

What's Included

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

Companies

- Coles
- Magic Hand Car Wash
- BP Australia
- Mpower Franchising Pty Ltd

Related Industries

Industries in the Same Sector

- **Competitors:**
  - Motor Vehicle Body, Paint and Interior Repair in Australia
- **Complementors:**
  - Fuel Retailing in Australia
  - Motor Vehicle Engine and Parts Repair and Maintenance in Australia
  - Automotive Industry in Australia

International Industries

- Car Wash & Auto Detailing in the US
- Car Wash & Auto Detailing in Canada

At A Glance

Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

2. At a Glance

https://my.ibisworld.com/au/en/industry/OD5235/at-a-glance

		'19-'24	'24-'29
Revenue	**$535.2m**	↓ 4.3 %	↑ 1.3 %
Employees	**3,145**	↓ 3.5 %	↑ 1.2 %
Businesses	**1,569**	↓ 2.4 %	↑ 0.5 %
Profit	**$78.7m**	↓ 4.6 %	
Profit Margin	**14.7%**	↓ 0.2 pp	
Wages	**$100.8m**	↓ 6.1 %	↑ 2.7 %

Key Takeaways

Performance

High inflation and rising interest rates are weighing industry sales. Eroding consumer spending power is expected to cause a decline in revenue in the current year as consumers switch from higher-priced specialty services to cheaper basic car washes.

Profit margins have been negatively impacted by supply chain disruptions. Logistical bottlenecks and manufacturing shortfalls caused by the COVID-19 pandemic have increased input costs as revenue has dropped.

External Environment

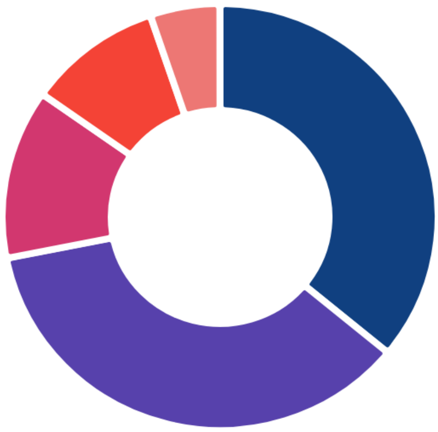
The industry uses self-regulation to promote its environmentally-friendly credentials. The Smart Approved WaterMark and Water Safety Rating programs help car washes encourage environmentally conscious customers to use their services.

The COVID-19 pandemic contributed to the greatest decline in industry revenue in over a decade. Manual car washes across the eastern seaboard had to close during lockdowns and restrictions, with customers limiting visits to automated service providers.

Products and Services

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



- In-bay automatic car washes ($192.7m) 36.0%
- Self-service bays ($192.1m) 35.9%
- Manual car wash and detailing services ($69.0m) 12.9%
- Conveyor tunnel washes ($53.5m) 10.0%
- Mobile car wash and detailing services ($27.8m) 5.2%

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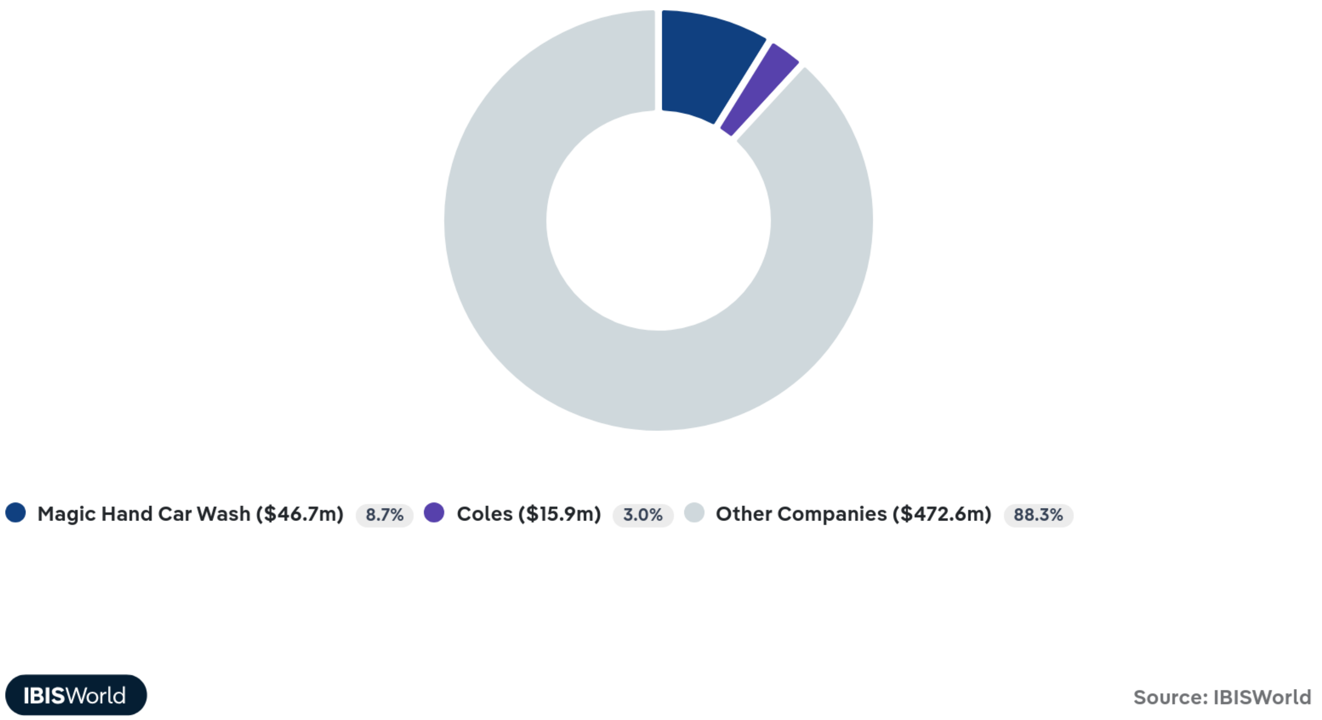
Source: IBISWorld

Major Players

Major Players



Key External Drivers

Key External Drivers	Impact
Number of motor vehicles	Positive
Real household discretionary income	Positive
Average weekly hours worked	Positive
Availability of water	Negative
Average age of vehicle fleet	Negative

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Moderate	Steady
Regulation and Policy	Moderate	Increasing
Life Cycle	Decline	
Revenue Volatility	Moderate	
Capital Intensity	Moderate	
Assistance	Low	Steady
Competition	High	Steady
Innovation	Moderate	

SWOT

S	W	O	T
Strengths Low Volatility Low Imports High Profit vs. Sector Average Low Customer Class Concentration Low Product/Service Concentration	Weaknesses Low & Steady Level of Assistance High Competition Decline Life Cycle Stage High Capital Requirements	Opportunities High Revenue Growth (2024-2029) High Performance Drivers Number of motor vehicles	Threats Low Revenue Growth (2019-2024) Real household discretionary income

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 2023-24, to $591.0 million. This decline can largely be attributed to economic disruptions due to the COVID-19 pandemic, as restrictions on movement and gatherings limited industry demand over the three years through 2021-22. High inflation and rising interest rates are expected to lead to a significant drop in consumer spending power over the two years through 2023-24, contributing to an estimated 2.2% drop in industry revenue in the current year. Higher cleaning compound costs are also expected to contribute to a drop in margins in the current year, as input costs rise and revenue falls, margins are set to fall to 7.1%.

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 due to a resulting increase in awareness of the importance of water conservation. Industry firms have been keen to promote their ability to minimise water consumption and prevent the leakage of chemicals into sewage systems to encourage customers to use their services rather than wash their cars at home.

The industry is forecast to return to growth over the next five years. Industry revenue is projected to rise at an annualised 1.4% over the five years through 2028-29, to $634.9 million. A recovery in discretionary incomes and recovering economic conditions are forecast to drive industry revenue growth over the next five years. 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 projected to limit industry employment growth and support a rise in profitability over the period.

Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

3. Performance

https://my.ibisworld.com/au/en/industry/OD5235/performance

Highlights

		2019-24 CAGR	2024-29 CAGR
Revenue	$535.2m	↓ 4.3 %	↑ 1.3 %
Employees	3,145	↓ 3.5 %	↑ 1.2 %
Businesses	1,569	↓ 2.4 %	↑ 0.5 %
Profit	$78.7m	↓ 4.6 %	
Profit Margin	14.7%	↓ 0.2 pp	

Key Takeaways

- **High inflation and rising interest rates are weighing industry sales.** Eroding consumer spending power is expected to cause a decline in revenue in the current year as consumers switch from higher-priced specialty services to cheaper basic car washes.
- **Profit margins have been negatively impacted by supply chain disruptions.** Logistical bottlenecks and manufacturing shortfalls caused by the COVID-19 pandemic have increased input costs as revenue has dropped.

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Performance Snapshot

↓ 2019-24 Revenue CAGR -4.3%

Revenue:

Revenue

$535.2m

'19-'24 ↓ 4.3 %

'24-'29 ↑ 1.3 %

2024 Revenue CAGR

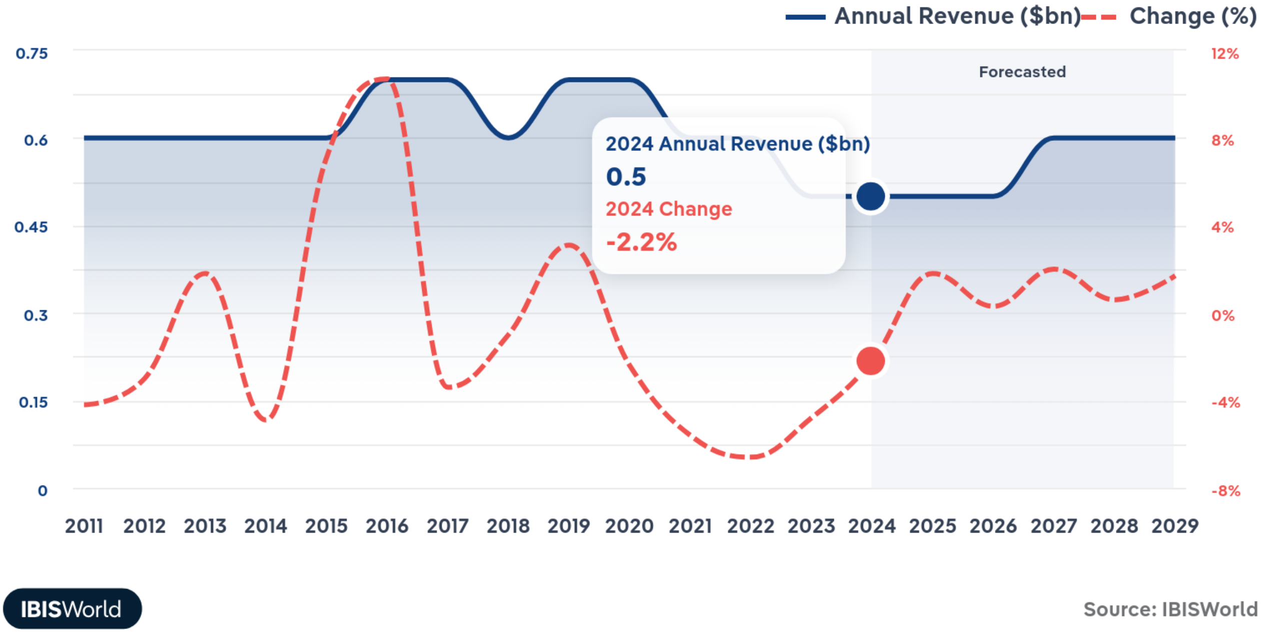
↓ 2.2 %

Revenue Volatility

Moderate

Revenue

Total value ($) and annual change from 2011 – 2029. Includes 5-year outlook.



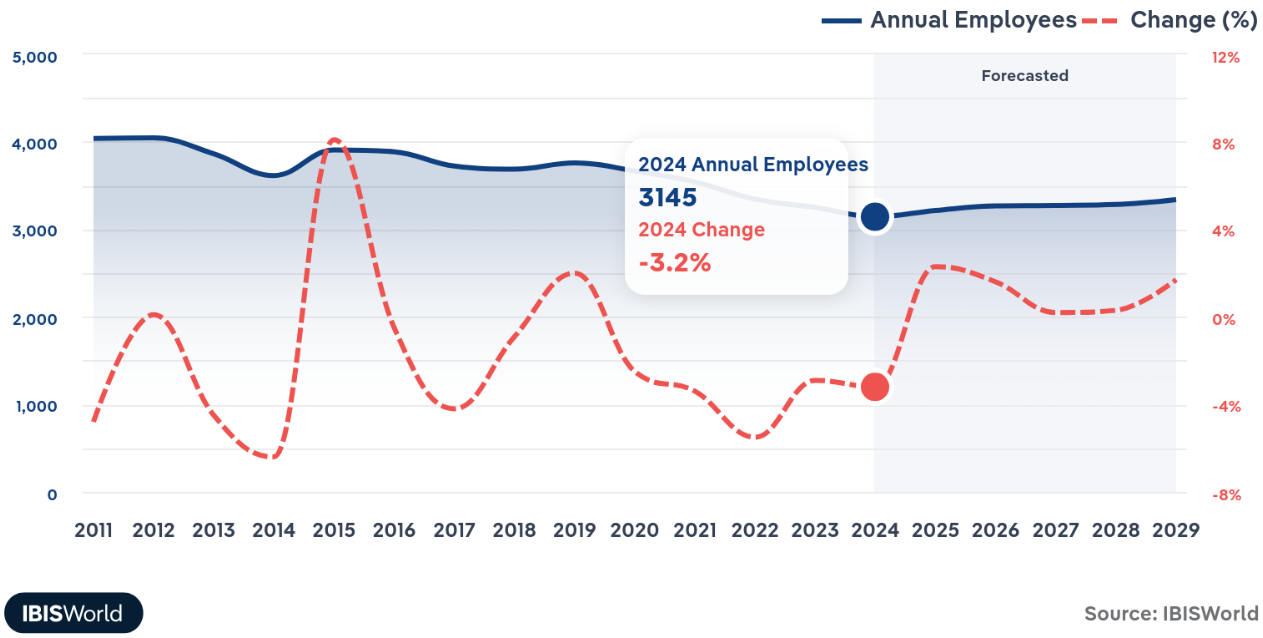
Source: IBISWorld

Employees:

Employees	Employees per Business	Revenue per Employee
3,145	**2**	**$170k**
'19-'24 ↓ 3.5 %	'19-'24 ↓ 1.1 %	'19-'24 ↓ 0.9 %
'24-'29 ↑ 1.2 %	'24-'29 ↑ 0.7 %	'24-'29 ↑ 0.1 %

Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.

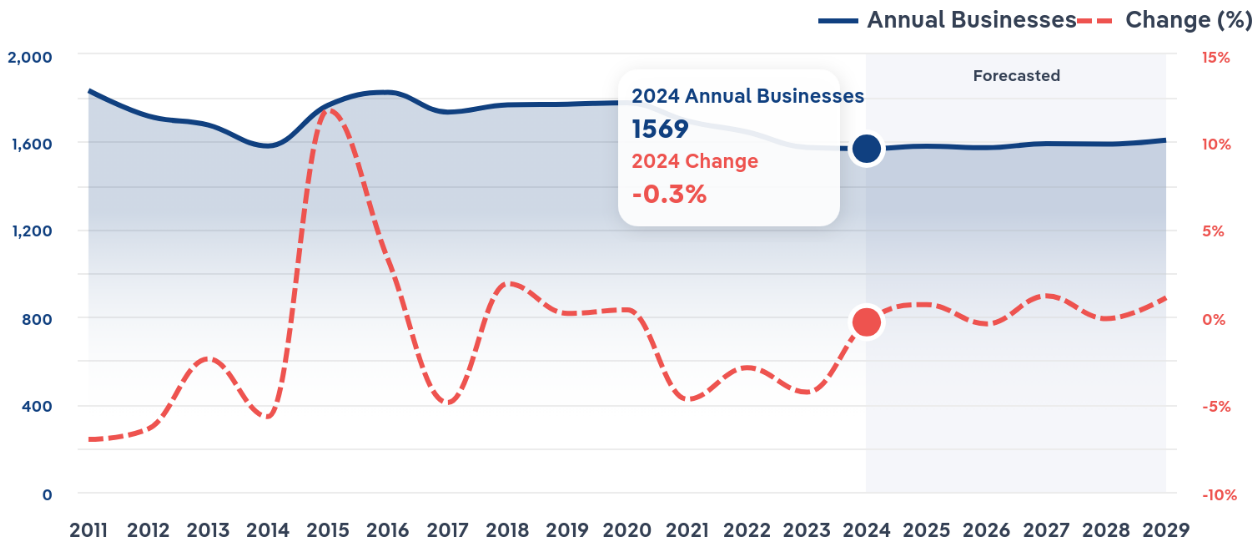


Businesses:

Businesses	Employees per Business	Revenue per Business
1,569	**2**	**$341.1k**
'19-'24 ↓ 2.4 %	'19-'24 ↓ 1.1 %	'19-'24 ↓ 2.0 %
'24-'29 ↑ 0.5 %	'24-'29 ↑ 0.7 %	'24-'29 ↑ 0.8 %

Businesses

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



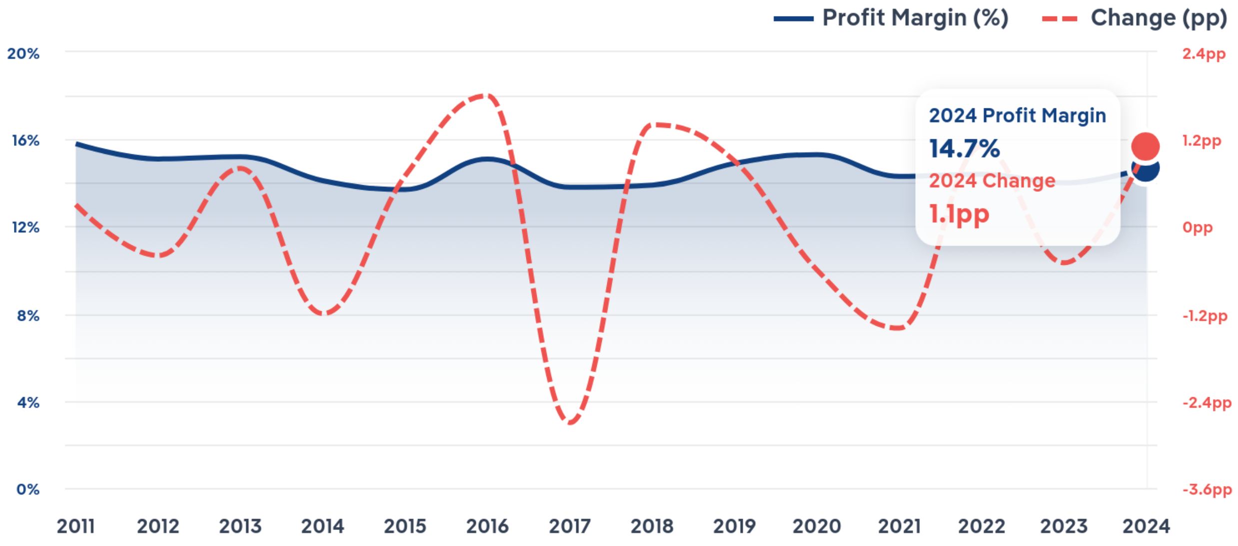
Source: IBISWorld

Profit:

Total Profit	Profit Margin	Profit per Business
$78.7m	**14.7%**	**$50,143.0**
'19-'24 ↓ 4.6 %	'19-'24 ↓ 0.2 pp	'19-'24 ↓ 2.2 %

Profit Margin

Total profit margin (%) and annual change from 2011 – 2024



IBISWorld

Source: IBISWorld

Performance Snapshot

What's driving current industry performance?

Lockdowns and restrictions disrupted car wash operations

- Lockdowns and restrictions related to the COVID-19 pandemic limited the ability of car washes to continue operating, contributing to the biggest revenue contraction in over a decade in 2021-22.
- Manual car wash services were the most impacted by lockdowns and restrictions, because of the greater difficulty to maintain social distancing.
- Automated car wash services could often remain operational during periods of restrictions as they are often unstaffed and attached to essential services like petrol stations which remained open.

Rising environmental-consciousness has weakened the appeal of washing cars at home

- Environmental consciousness in Australia has increased over the past five years. Consumers have recognised the negative impact of home car washing that leaks chemicals into sewage systems and wastes water.
- Intermittent water restrictions over the past two decades have made consumers more aware of the importance of water conservation.
- Car wash businesses have sought to promote their ability to conserve water usage and stop chemicals flowing into sewage systems to encourage consumers to use their services instead of washing cars at home.

Logistical bottlenecks and manufacturing shortfalls have created cost pressures and weighed on margins

- Global lockdowns and restrictions have created logistical bottlenecks and shortages at the manufacturing level.
- Car wash operators have faced inflated chemical prices and freight costs as supply chains struggle to recover from the worst impacts of the COVID-19 pandemic. The Russia-Ukraine conflict further exacerbated these issues in 2022-23. While shipping costs have started to normalise, chemical prices are expected to remain elevated in the 2023-24.
- Faced with cost pressures and declining revenue car wash operators have seen their profit margins decline over the past five years.

High inflation and rising interest rates has reduced demand for high-end services

- High inflation and rising interest rates are expected to significantly erode consumer sentiment and spending power.

- Weakening economic conditions are most likely to impact services that are more discretionary. While a regular car wash can be seen as essential to maintain your vehicle, detailing, mobile car washing and other specialty manual services are likely to be seen as luxuries.
- As consumers look to tighten their finances demand for high-end, high-margin services is expected to drop fastest.

Federal tax incentives and lockdowns have encouraged firms to invest into automation equipment

- The Federal Government supported small businesses during the pandemic by allowing instant asset write-offs and accelerated depreciation on assets. These benefits increased the economic benefits of transitioning to automated services, particularly in a tight labour market.
- Many manual car wash operators were forced to close intermittently during COVID-19 pandemic lockdowns and restriction periods, while automated services were often allowed to continue. This supported the expansion of automated services to meet customer demand.
- Increased automation has been a major contributor to declining employment over the past five years.

Volatility

Moderate

What influences industry volatility?

The COVID-19 pandemic contributed to the strongest revenue decline in over a decade

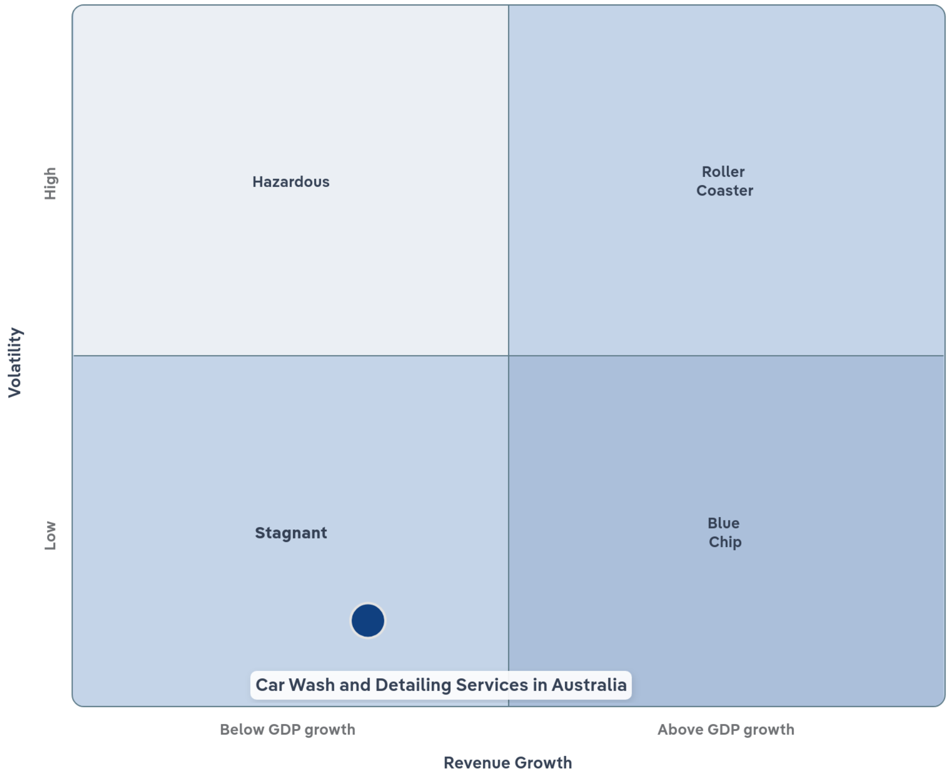
- Lockdowns and restrictions associated with the COVID-19 pandemic contributed to the strongest decline in industry revenue in over a decade in 2021-22.
- Manual and mobile car washing businesses often had to close during periods of severe restrictions in the eastern states. While some automated businesses were able to continue operating less road travel by consumers reduced the rate of car washing, while social distancing encouraged some to wash their cars at home.

Revenue volatility stemmed by steady growth in the number of motor vehicles

- 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.

Low & slow

Industry volatility vs. revenue growth (2018-24 CAGR)



IBISWorld

Source: IBISWorld

Key Success Factor

How do successful businesses overcome volatility?

Operate in a location that is close 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 and creates steady streams of revenue.

Develop 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 can limit industry revenue volatility.

Secure the latest and most efficient technologies 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 costs and boosting profit.

Outlook

↑ 2024-29 Revenue CAGR +1.3%

What's driving the industry outlook?

Rising environmental consciousness and motor vehicle numbers to create a stable base for revenue growth

- Environmental consciousness among consumers is expected to continue growing, with discussions of the impacts of climate change and the importance of water conservation.
- Increased environmental consciousness will benefit car wash operators as they are more water-efficient and are able to prevent chemicals from draining into sewage systems.
- The number of motor vehicles in Australia is also expected to rise steadily over the next five years, leading to a growing demand base.

Economic conditions are set to improve increasing demand for higher priced services

- Inflationary pressures are expected to ease over the next five years while the cash rate is expected to stabilise by 2023-24 and start to decline. This is expected to contribute to a return to growth in real household discretionary incomes.
- Increased discretionary incomes are forecast to improve demand for high-end car washing and detailing services. A switch from basic to specialised services is expected to contribute to growth in revenue and profit margins for industry firms.

Trend towards automation is expected to limit employment growth

- The Australian labour market is expected to remain at or near full employment, increasing the cost of labour relative to capital investments.
- Industry car washes are likely to increasingly focus on automated and self-serve business models to avoid higher wage costs.
- A shift towards automated services requires greater capital investment and depreciation costs are expected to grow strongly over the next five years.

Life Cycle

Decline

Why is the industry declining?

Contribution to GDP

Industry value added (IVA) measures an industry's contribution to the overall economy. IVA is forecast to decline, as the industry experiences stagnant demand and constrained margins.

Market Saturation

The market for car wash and detailing services is saturated, with businesses relying on environmentally-friendly practices and increasing convenience and speed of automated services as a way to attract customer interest from competitors.

Innovation

Product innovation in the industry is limited. Most innovations involve cleaning methods that reduce water consumption and use less harmful chemicals to attract increasingly environmentally-conscious consumers.

Consolidation

Low barriers to entry and limited economies of scale keeps the industry from trending towards consolidation. Most businesses are small and either independently-owned or operating as part of a franchise.

Technology & Systems

Car wash operators have increasingly moved towards automated services to restrain rising labour costs. Water restrictions over the past two decades have increased awareness surrounding water conservation with most car washes implementing ways to limit water usage.

Products and Markets

Find out what the industry offers, where trade is most concentrated and which markets are buying and why.

4. Products and Markets

https://my.ibisworld.com/au/en/industry/OD5235/products-and-markets

Highlights

Largest Market

$192.7m

In-bay automatic car washes

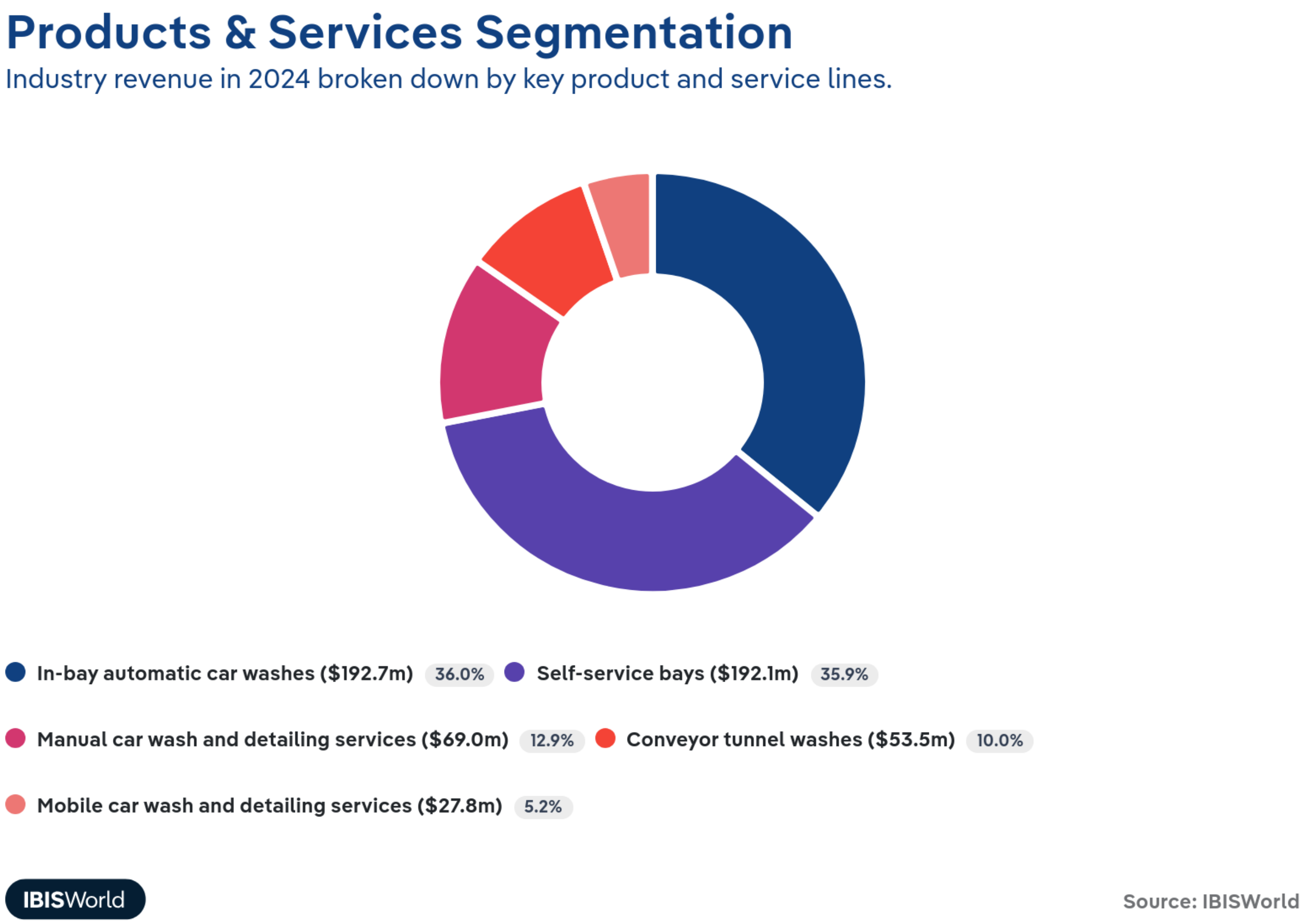
Product Innovation

Moderate

Key Takeaways

- **The Federal Government and a tight labour market are incentivising a transition to automated and self-serve car washing services.** Tax incentives for capital investment during the COVID-19 pandemic have encouraged many firms to move away from labour-intensive manual car washes.
- **Rising demand for freight services has increased revenue generated from freight transport companies.** A surge in online shopping and growth in international merchandise trade has boosted the number of trucks on the road, supporting demand for car wash services.

Products and Services



How are the industry's products and services performing?

Automatic car wash services have fared better during the COVID-19 pandemic

- These segments include in-bay automatic car washes, using either friction or touch-free methods, and conveyor tunnel washes where the vehicle is pushed through a series of stationary cleaning devices.
- During the pandemic these services were able to maintain operations during lockdowns and restrictions, due to the fact that they require minimal staff interaction and are often attached to essential service businesses like petrol stations.
- The cheaper price point of these services has increased demand as consumer spending power weakened, with these segments increasing as a share of industry revenue.

Incentivised investment into capital equipment has increased the prevalence of 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.
- Government schemes during the pandemic to offer instant asset write-offs and accelerated depreciation for small business owners has allowed businesses to invest in equipment that provides car washes with minimal labour requirements.
- A tight labour market and social distancing concerns have made capital-intensive operations more attractive. As more businesses have shifted to the self-service bay model this segment has increased as a share of industry revenue.

Manual car wash and detailing services were most impacted by the COVID-19 pandemic

- Manual car washes and detailing represent the most labour-intensive form of industry services.
- Lockdowns and restrictions most affected operators performing manual services as they provide the greatest risk of exposure to the virus of all businesses.
- As manual car was services take longer to perform than other car washing services, they often are attached to cafes to make the wait for customers more enjoyable. Strict restrictions on hospitality businesses limited these advantages.
- Overall, this segment has declined as a share of industry revenue.

Weakening consumer spending power constrains demand for mobile car wash and detailing services

- Mobile car wash and detailing service operators travel directly to the car owner's location. Most mobile car wash enterprises provide their own power, water tanks and pressure cleaners, and promote their superior convenience over other services.
- These services tend to have the greatest price point, and are most impacted by weakening economic conditions.
- High inflation and rising interest rates have eroded consumer spending power over the past two years, driving down demand for these expensive services, leading to this segment declining as a share of industry revenue.

Key Success Factor

What products or services do successful businesses offer?

Invest in new technology to enhance operational efficiency and quality

Automated car washes allow firms to minimise employment costs and boost margins. As average car wash prices for automated services are lower, economies of scale are essential to make such investments worthwhile.

Vary services to suit different needs

Automated services can provide low-cost, convenient services that can help firms generate scale. Firms also can benefit from offering specialised hand car washing and detailing, as high margin products at higher prices. Providing a combination of these services boosts margins.

What are innovations in industry products and services?

Environmentally-friendly cleaning practices provide a competitive advantage for industry firms

- Consumers have become increasingly environmentally-conscious over the past five years, with many choosing their car washing services based on which ones are most water-efficient and use the fewest harmful chemicals.
- Industry car washes have increasingly employed products like biodegradable soaps and cleaning detergents to reduce damage to the environment, while also using systems to capture and conserve water.

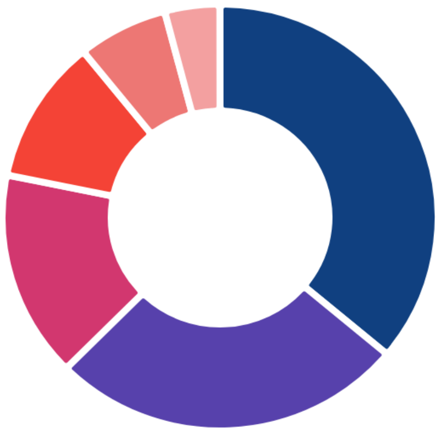
Government incentives have accelerated investment into automated cleaning equipment

- To support small businesses the Federal Government implemented multiple tax incentives for companies to invest into new capital equipment. These included instant asset write-offs and accelerated depreciation schemes.
- Firms have taken advantage of government incentives to reduce their labour intensity in a tight labour market, and to provide more convenient services to customers.

Major Markets

Major Market Segmentation

Industry revenue in 2024 broken down by key markets



What's influencing demand from the industry's markets?

Lower and middle income households most impacted by eroding consumer spending power

- Lower and middle income households include those in the first, second and third quintile.
- High inflation and rising interest rates in 2022-23 have eroded consumer spending power.
- Lower and middle income households have lower savings and wealth buffers to protect them during periods of weakening consumer spending power. In response to high inflation, they have either delayed or reduced their rate of car washes and switched to cheaper automated services. As a result, this market has declined as a share of industry revenue.

Higher income households are more resilient to weaker economic conditions

- Higher income households include those in the fourth and the highest income quintiles.

- These markets have a greater savings and wealth buffer and have been able to absorb higher interest rates and rising inflation in 2022-23. This has meant that this market has maintained, at a greater level, their demand for more expensive car wash and detailing services. As a result, this market has remained steady as a share of industry revenue over the past five years.

Sustained growth in the number of domestic freight tasks has increased demand for car washing services from the private firms and government

- This segment includes demand from government agencies and private transport and freight companies.
- The number of trucks registered in Australia has grown steadily during the pandemic. A surge in the uptake of online shopping and growing international merchandise trade has increased demand for domestic freight services.
- A rising number of domestic freight vehicles has meant increased demand for car washing services from the private sector, with this segment increasing as a share of industry revenue.

Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

5. Geographic Breakdown

https://my.ibisworld.com/au/en/industry/OD5235/geographic-breakdown

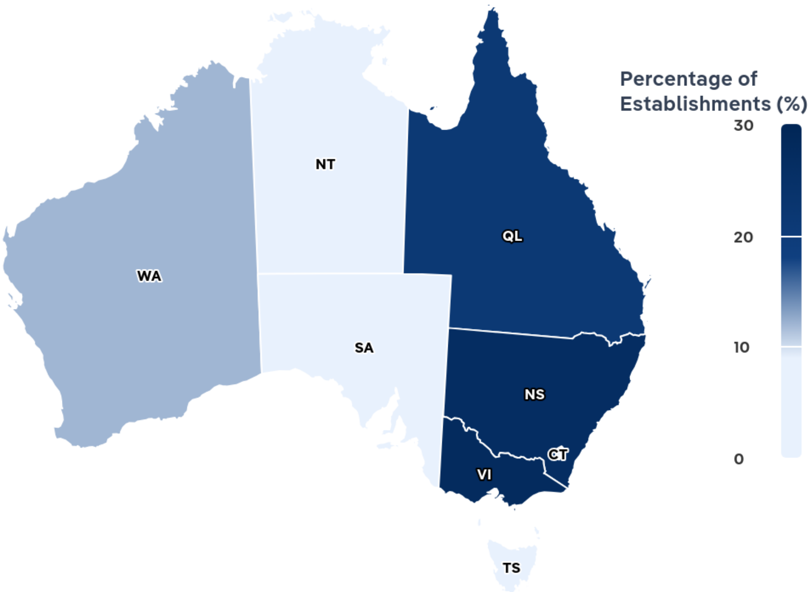
Key Takeaways

- **The industry first developed in Victoria.** The state's high rate of vehicle ownership and population density has meant it has been long over-represented in terms of its share of car wash and detailing businesses.
- **Automated car wash services rely on a prominent and convenient location with lots of traffic to generate revenue.** Queensland, Victoria and Sydney, with their major population centres are all over-represented in terms of their share of industry establishments.

Business Locations

Business Concentration

Percentage of total industry Establishments in each region



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Source: IBISWorld

LGA	Establishments %	Population %
VIC	27.6	24.8
NSW	26.7	32.6
QLD	21.4	20.0
WA	12.0	10.1
SA	7.3	7.5
TAS	2.6	2.3
ACT	1.6	1.6
NT	0.8	1.0

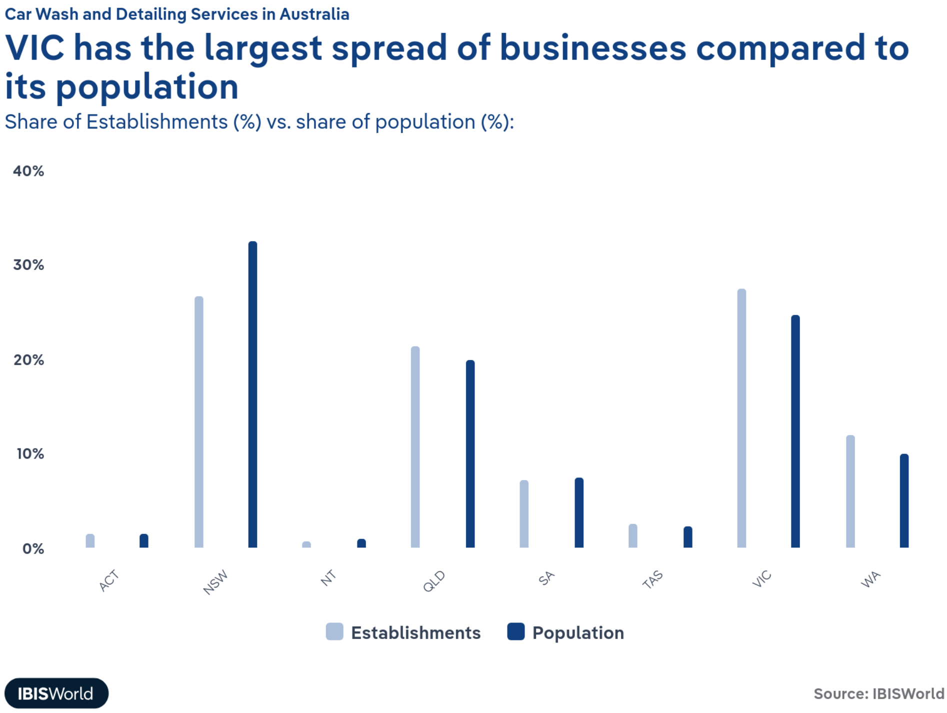
Where are industry businesses located?

Victoria's early adopter status makes it over-represented in terms of industry establishments

- The industry first developed in Victoria, which has made it a traditional stronghold in terms of car wash businesses per capita.
- The high rate of car ownership in Victoria and population concentration relative to New South Wales makes it an ideal location for car washes that want to maximise capacity utilisation.
- One of the industry's largest players, Magic Hand Car Wash, began operations in Victoria in 1994 and has since expanded across the country.

Population distribution is the biggest determinant of the location of industry establishments

- 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 as high traffic density areas provide opportunities for impulse car wash purchases.
- Establishing car washes in rural areas is unlikely to generate a sufficient volume of traffic to make such a venture profitable.



Key Success Factor

How do businesses use location to their advantage?

Operate in a location that is close 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.

Operate in a highly visible location

Much of the industry's business is based on impulse purchases. A location with high levels of visibility can help boost industry revenue, by attracting these sales.

Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

6. Competitive Forces

https://my.ibisworld.com/au/en/industry/OD5235/competitive-forces

Highlights

Concentration	Competition	Barriers to Entry
Low	↓ High Steady	Moderate Steady

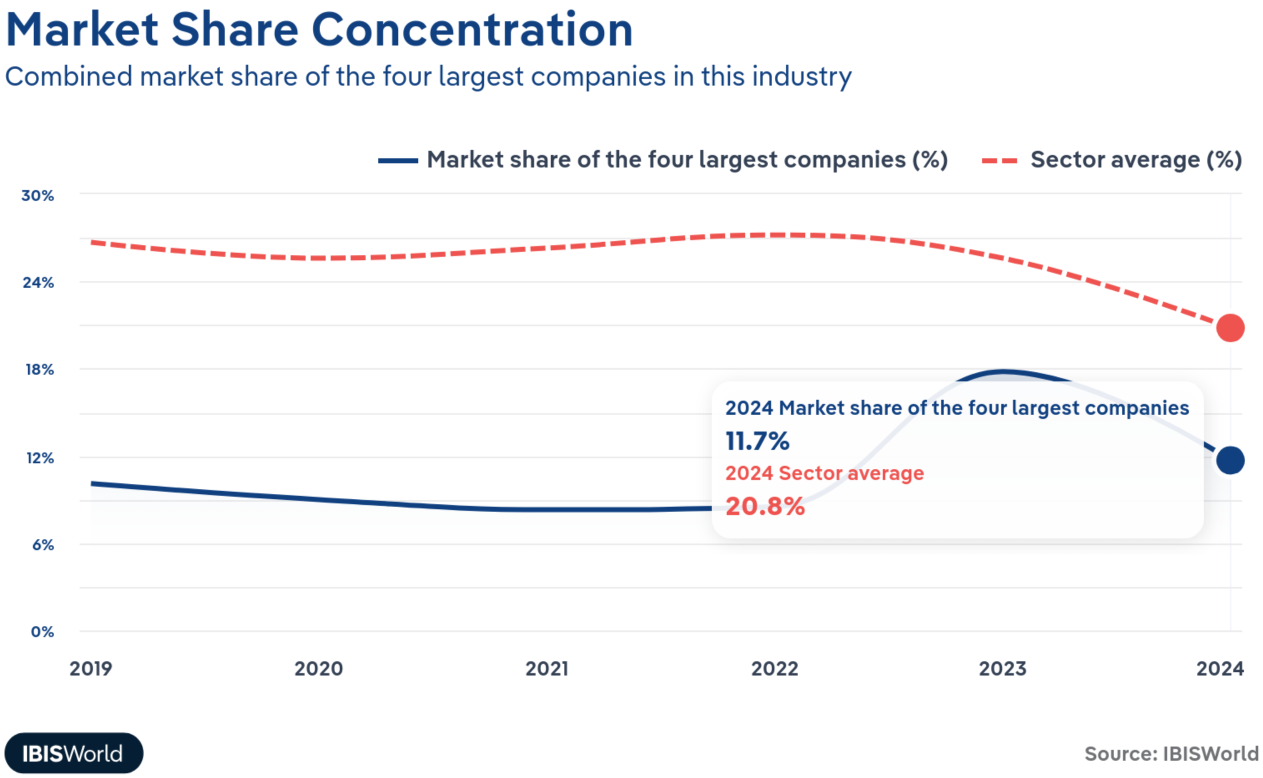
Substitutes	Buyer Power	Supplier Power
↑ Low Steady	↓ High Steady	Moderate Steady

Key Takeaways

- **The small scale and diversity of service offerings limits market share concentration.** The industry is highly fragmented, offering a range of automatic, self-service and mobile car washing services.
- **Location is a key competitive factor, particularly for automatic car wash providers.** Customers often get car washes as impulse purchases, so prominent and convenient locations are key.
- **Performing at-home car washes is less environmentally friendly and wastes water at a higher rate.** Water and chemical drainage management at car washes helps make the process more environmentally-friendly.

Concentration

Low



What impacts the industry's market share concentration?

The range of services provided and small scale of the industry constrain market share concentration

- The Car Wash and Detailing Services industry exhibits low market share concentration. The four largest players are expected to account for less than 25% of annual industry revenue in the current year.
- The industry's highly fragmented nature is partly due to the extensive range of services offered and high competition.
- To dominate the industry firms would have to provide hand, automatic and mobile car washing and detailing services, operating in hundreds of locations.
- Businesses in the industry tend to be small and often family-operated.

Franchisees were better protected against supply chain issues

- Companies operating as a franchisee were better protected against the disruptions caused by the COVID-19 pandemic.

- Operating as a franchisee gives access to the combined negotiating power of the franchisor who acts as a wholesaler. Greater negotiating power gives more protection against rising prices and logistical delays caused by global lockdowns and restrictions during the pandemic.

Key Success Factor

How do successful businesses handle concentration?

Operate in a location that is close 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.

Secure the latest and most efficient technologies 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 costs and boosting profit.

Barriers to Entry

What challenges do potential industry entrants face?

Legal

- Most environmental policies self-regulated by the industry to present an environmentally friendly image. However, operators need to secure a Trade Waste Agreement with the relevant water authority to manage the draining of chemicals into water systems.

Start-Up Costs

- Start-up costs vary depending on the type of business. Automated car washes require a higher initial capital investment to buy equipment. Businesses wishing to enter the industry as part of a franchise can also face significant franchise fees, these tend to be lower for mobile car wash operators.

Differentiation

- There is a wide variety of specialty services provided by the industry but these tend to be fairly well accepted by the market. Industry firms can try to differentiate themselves through environmentally-friendly practices. However, prominent and convenient locations are probably the biggest driver of sales.

Labour-intensity

- While the industry is moving towards more automated services, it remains relatively labour-intensive. Labour employed by the industry does not require any pre-existing experience or qualifications, so labour tends to be relatively easy to source.

Key Success Factor

How can potential entrants overcome barriers to entry?

Leverage business expertise

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, such as accounting and payroll and deal with industry issues.

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.

Substitutes

Low	Steady

What are substitutes for industry services?

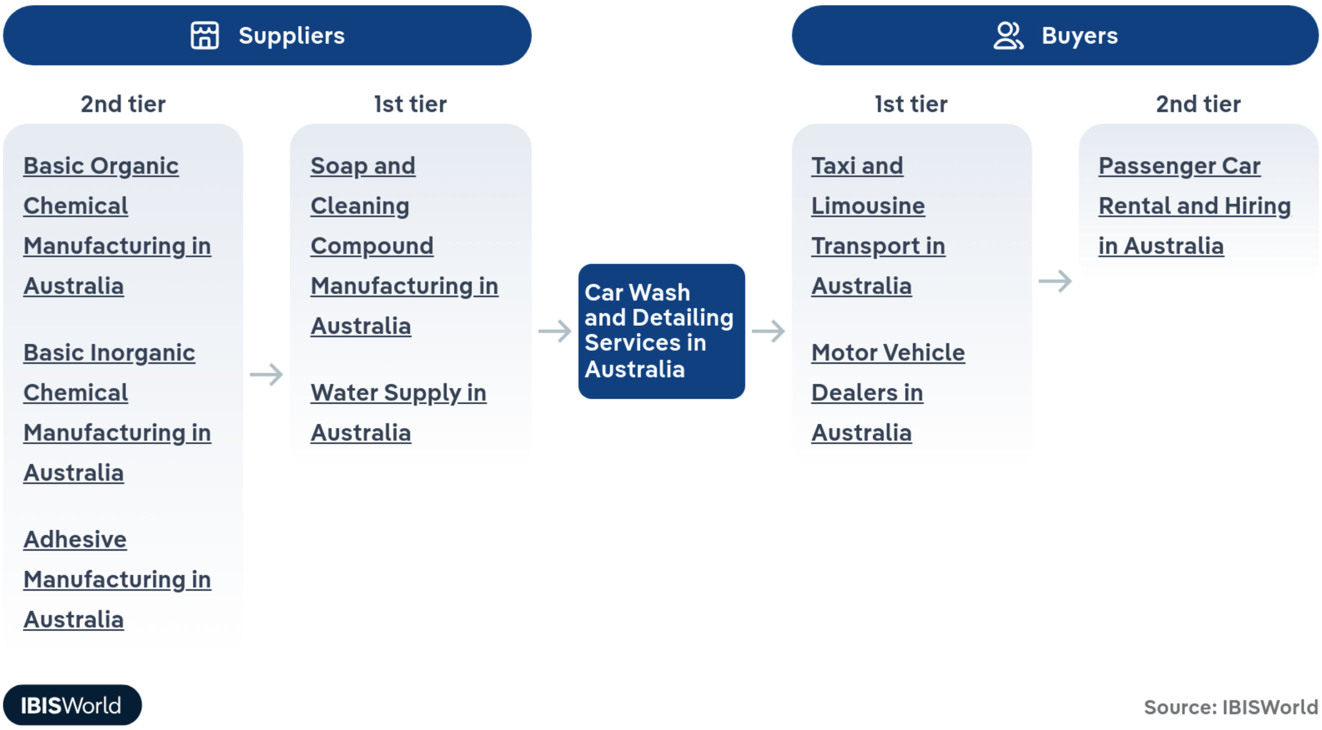
Do it yourself

- Consumers can choose to wash their cars at home rather than buy services from the Car Wash and Detailing Services industry.
- Washing their car at home, if done regularly, can be a cost saving, and for some consumers an enjoyable, activity.
- Water restrictions and environmental considerations can prevent people from engaging in at-home car washing. With home car washing being less water-efficient and lead to chemicals draining into the sewerage system. During periods of water restrictions car washing at home is often banned.

Buyer & Supplier Power

Supply Chain

Direct and indirect supplier and buyer industries related to this industry



What power do buyers and suppliers have over the industry?

Buyers: the industry is highly fragmented and competitive giving buyers the advantage

- The industry has low market share concentration and consumers have lots of options on where to access car washing and detailing services.
- In urban areas, with high concentrations of industry businesses, consumers are able to shop around for the best price and avoid firms that provide inferior customer service.

Suppliers: industry firms are small and fragmented, but so are upstream suppliers

- The domestic industry is small and fragmented, with the market not particularly important for manufacturers of cleaning products operating on a global scale. This means that local industry firms have limited negotiating power.
- The large number of upstream manufacturers of cleaning products and other inputs allows local car washers to shop around for the best price.
- These two factors give a moderate level of power to industry firms when dealing with suppliers.

Key Success Factor

How do successful businesses manage buyer & supplier power?

Develop 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.

Secure economies of scale

The industry can benefit significantly from economies of scale. Investment in automation technology can help minimise labour costs and offset average fixed costs. This can help firms compete on price and give them a buffer against rises in purchase costs.

Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

7. Companies

https://my.ibisworld.com/au/en/industry/OD5235/companies

Key Takeaways

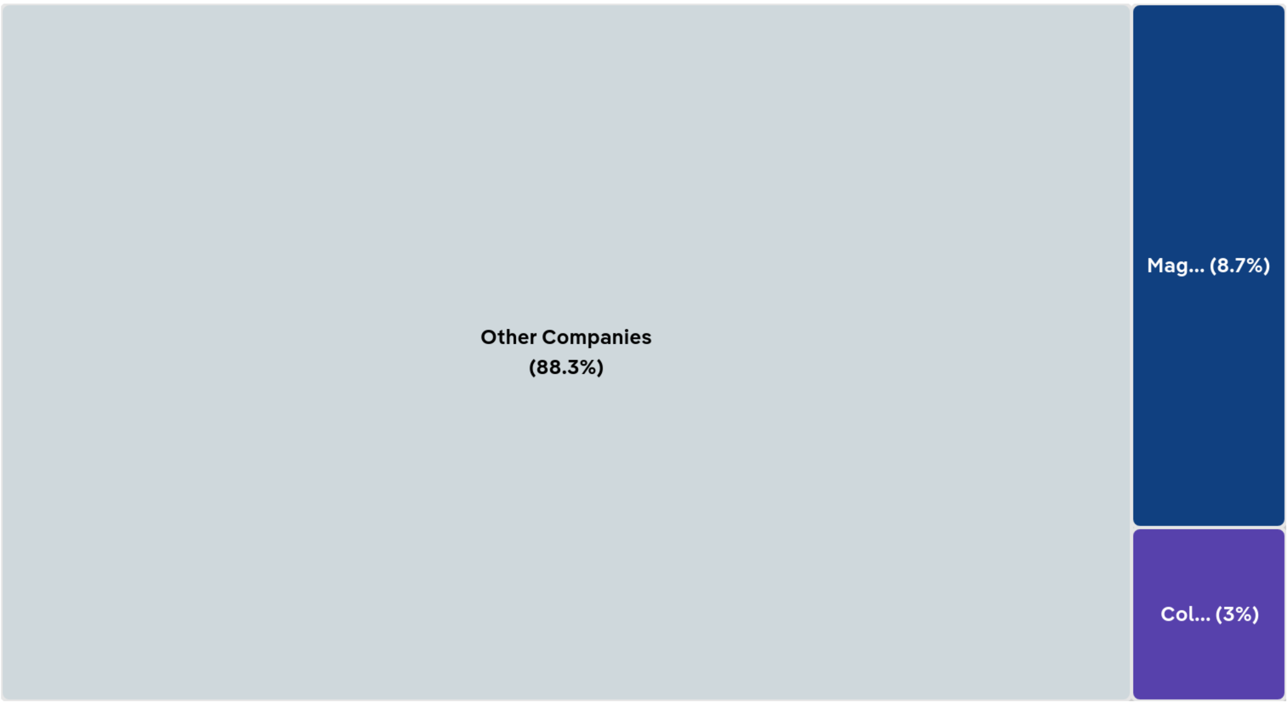
- **Hand car washing services were the most severely impacted by the COVID-19 pandemic.** Hand car washes offered greater risk of exposure to the virus and were often forced to close during lockdowns and restrictions across the eastern seaboard.
- **Automated car washes attached to petrol stations were best positioned to weather the COVID-19 pandemic.** Petrol stations were considered essential services during lockdowns allowing them to keep operating, and a surge in discretionary income supported sales of car wash services.

Market Share

Car Wash and Detailing Services in Australia

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



IBISWorld

Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

Companies

Company	Market Share (%) 2024	Revenue ($m) 2024
Coles	3.0	15.9
Magic Hand Car Wash	8.7	46.7
BP Australia	3.0	15.9
Mpower Franchising Pty Ltd	3.0	15.9

You can view and download company details on my.ibisworld.com.

Magic Hand Car Wash

Company Details

Industry Revenue (2024)	$46.7m
Industry Market Share (2024)	8.7%

Description

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 20 locations across Australia.

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue ($ million)	Market Share (%)
2012-13	41	8.9
2013-14	44	9.8
2014-15	47	9.9
2015-16	49	9.4
2016-17	55	10.5
2017-18	56	10.6
2018-19	57	10.1
2019-20	50	9.0
2020-21	45	8.3
2021-22	46	8.5
2022-23	47	8.8
2023-24	47	8.7

What's impacting Magic Hand Car Wash Franchisor Pty Ltd's performance?

MHCW was particularly affected by COVID-19 pandemic lockdowns and restrictions

- MHCW has underperformed the industry over the past five years.

- The company's focus on hand car washing made it harder for it to operate during lockdowns and restrictions related to the pandemic, compared to automatic car washes. Additionally, over 60% of the company's locations are based in Victoria, which had the harshest restrictions and longest lockdowns.
- High inflation and rising interest rates have weakened consumer spending power and stymied the company's recovery following the easing of restrictions.

The company was quick to respond to the outbreak of COVID-19 in Australia

- The outbreak of COVID-19 in Australia in early 2020 led the company to implement multiple measures to ensure customer and employee safety.
- In March 2020, to encourage social distancing, the company created a 'Zero Contact Policy' which saw cleaners leave the keys to the car on the front seat following cleaning and provided free car interior sanitisation services.
- All staff of MHCW were required to undertake mandatory training to reduce contact and exposure risks.

Coles

Company Details

Industry Revenue (2024)	$15.9m
Industry Market Share (2024)	3.0%

Description

Coles Group Limited is an Australian-owned, publicly listed company specialising in supermarkets and liquor retailing. Founded in 1914, the company is regarded as one of Australia's largest retailers, with more than 2,480 stores throughout Australia and employing over 120,000 staff. Company operations are administered from its head office in Hawthorn East, Melbourne.

Brands and Trading Names

- Coles Online
- Coles Supermarkets
- Vintage Cellars
- Liquorland
- First Choice Liquor Market
- Coles
- First Choice Liquor

Other Industries

- Supermarkets and Grocery Stores in Australia
- Online Grocery Sales in Australia
- Liquor Retailing in Australia
- Online Shopping in Australia
- Online Beer, Wine and Liquor Sales in Australia
- Online Baby Product Sales in Australia

Company’s Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue ($ million)	Market Share (%)
2022-23	16	3.0

2023-24	16	3.0

What's impacting Coles's performance?

Automated services and attachment to essential businesses helped Coles weather the COVID-19 pandemic

- Coles Group had an advantage to many industry players during restriction and lockdowns due to the fact that it's services are fully automated, limiting social distancing concerns.
- Coles Express Car Wash locations are attached to Shell Australia petrol stations which were allowed to operate during the most severe lockdowns and restrictions due to them being considered an essential service. This allowed their automated car washes to generate revenue throughout the pandemic.

Coles Group Limited demerged from Wesfarmers Limited

- 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.
- The Coles Express Car Wash business was retained by Coles Group Limited following the demerger.
- Wesfarmers retains a 15.0% ownership stake in the listed company.

BP Australia

Company Details

Industry Revenue (2024)	$15.9m
Industry Market Share (2024)	3.0%

Description

BP Australia Investments Pty Ltd is owned by multinational oil and gas company bp plc and headquartered in Docklands, Melbourne. The Australian business operates across the entire petroleum supply chain, with interests in upstream oil and gas exploration and production and downstream refining, wholesaling and retailing. Over 1,400 bp service stations operate across Australia. Approximately 1,000 stations are independently owned and operated and sell fuel under the bp brand. The remaining sites are company-owned and operated.

Brands and Trading Names

- bp

Other Industries

- Fuel Retailing in Australia
- Petroleum Refining and Petroleum Fuel Manufacturing in Australia
- Petroleum Product Wholesaling in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue ($ million)	Market Share (%)
2022-23	16	3.0
2023-24	16	3.0

What's impacting BP Australia's performance?

BPAI car washes were able to operate throughout the COVID-19 pandemic

- BPAI has outperformed the wider industry as its automated car washing services allowed customers to avoid social distancing concerns.

- The convenience of being attached to an essential service not only allowed BPAI's car washes to continue operating during the strictest lockdowns but also allowed them to take advantage of soaring consumer discretionary income and lack of alternative activities.

Mpower Franchising Pty Ltd

Company Details

Industry Revenue (2024)	$15.9m
Industry Market Share (2024)	3.0%

Description

Mpower Franchising Pty Ltd is the parent company of Car Care Australia Pty Ltd (CCA), a major franchiser of mobile car washing and detailing services. CCA was founded in 1987, in Perth where it is based. Car Care has a network of over 200 franchises across all Australian states and territories. The business allows car owners to call a central phone number and arrange a service with the closest available franchisee.

Company’s Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue ($ million)	Market Share (%)
2022-23	16	3.0
2023-24	16	3.0

What's impacting Mpower Franchising Pty Ltd's performance?

Surge in discretionary income and restricted operations had offsetting impacts on sales

- Car Care Australia provides relatively expensive mobile services. The price point for these services is far higher than an automated car wash system attached to a service station.
- Household discretionary income surged during the pandemic, as consumers had limited avenues to spend their income during COVID-19 lockdowns and restrictions. Excess spending power boosted demand for high-end services offered by Car Care Australia.
- The company's franchisees struggled to maintain operations through much of the pandemic as mobile car wash services were often restricted.

External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

8. External Environment

https://my.ibisworld.com/au/en/industry/OD5235/external-environment

Highlights

Regulation & Policy
Moderate ↓ Increasing

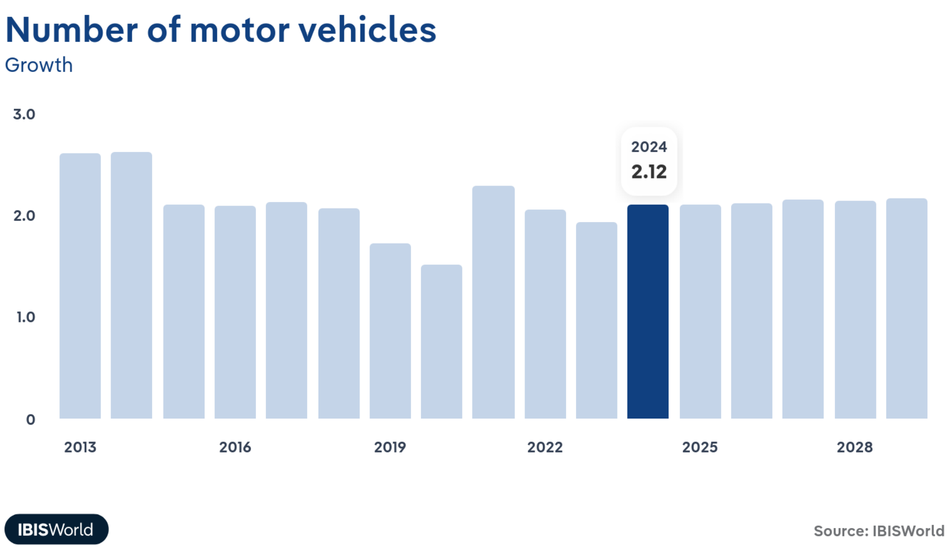
Assistance
↓ Low Steady

Key Takeaways

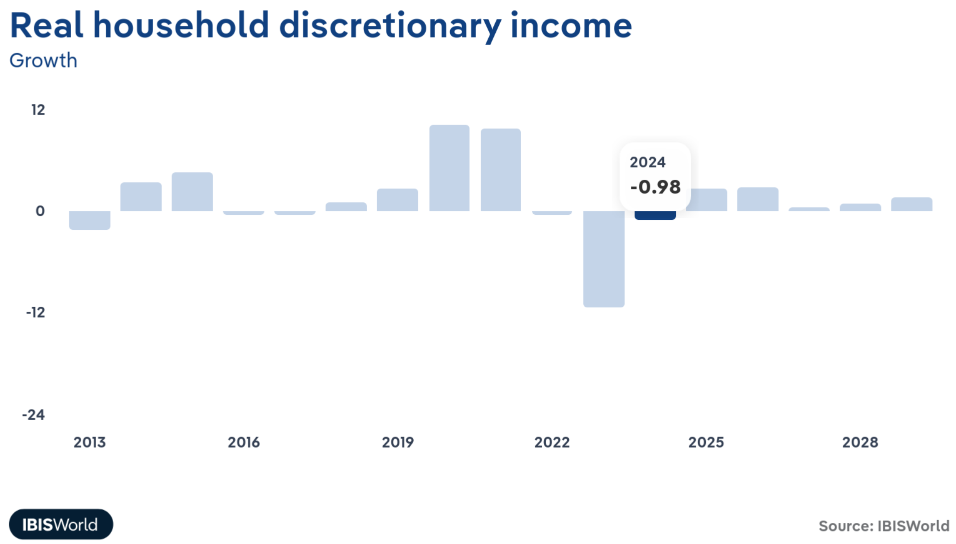
- **The industry uses self-regulation to promote its environmentally-friendly credentials.** The Smart Approved WaterMark and Water Safety Rating programs help car washes encourage environmentally conscious customers to use their services.
- **The COVID-19 pandemic contributed to the greatest decline in industry revenue in over a decade.** Manual car washes across the eastern seaboard had to close during lockdowns and restrictions, with customers limiting visits to automated service providers.

External Drivers

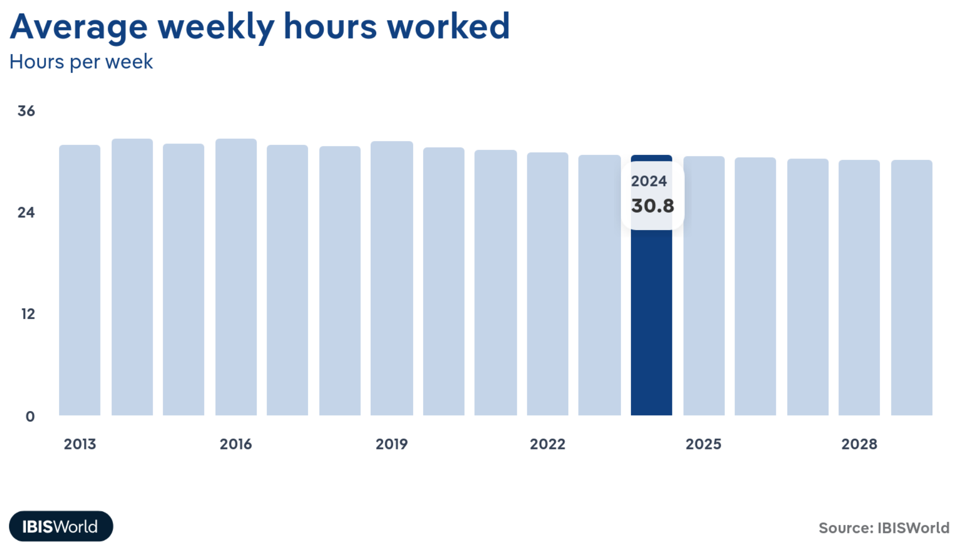
What demographic and macroeconomic factors impact the industry?



Demand for industry services depends on the size of Australia's motor vehicle fleet. Demand for car washing and detailing services increases as consumers purchase and drive more vehicles. The number of motor vehicles registered in Australia is expected to increase in 2023-24, presenting an opportunity for the industry to increase revenue.



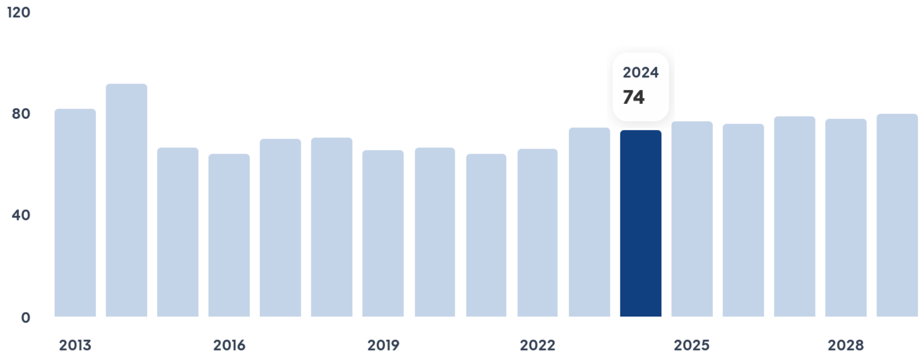
Demand for car washes and detailing depends on discretionary income. When consumers have more discretionary income, they are more likely to pay to have their vehicles professionally washed. During periods of weaker discretionary incomes, customers are more likely to delay car washes or wash their cars themselves at home. Real household discretionary income is expected to increase in 2023-24.



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 2023-24.

Availability of water

Million megalitres



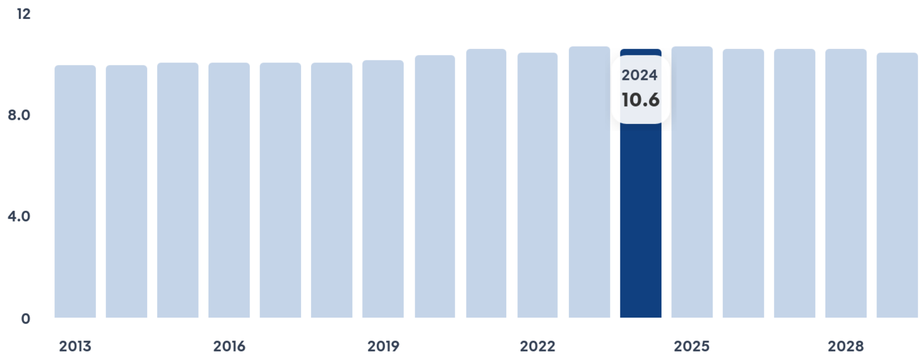
IBISWorld

Source: IBISWorld

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, as they tend to be more water efficient. Water availability is expected to rise in 2023-24.

Average age of vehicle fleet

Years



IBISWorld

Source: IBISWorld

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. A younger vehicle fleet makes consumers more likely to use the industry's services. The average age of the vehicle fleet is expected to decline in 2023-24.

Regulation & Policy

Moderate | Increasing

What regulations impact the industry?

Trade Waste Agreements

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

Water Safety Rating and Smart Approved WaterMark

Most regulation is 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. These can help car washes promote their water conservation efforts.

Assistance

Low

Steady

What assistance is available to this industry?

Public support doesn't apply to the industry

The Car Washing and Detailing Services industry doesn't receive any public sector support.

The Australian Car Wash Association (ACWA)

The ACWA represents car wash and detailing businesses. 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.

Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

9. Financial Benchmarks

https://my.ibisworld.com/au/en/industry/OD5235/financial-benchmarks

Highlights

Profit Margin	Average Wage	Largest Cost
14.7 %	**$32,051**	**Wages**
↑ Higher than sector	↓ Lower than sector	18.4% of Revenue

Key Takeaways

- **Federal government policies like instant asset write-offs and accelerated depreciation schemes have incentivised investment in automated car wash services.** This has led to decreased employment and wage costs, but increased depreciation costs.
- **Lockdowns and restrictions related to the COVID-19 pandemic have caused supply chain disruptions.** Logistical bottlenecks and manufacturing shortfalls have increased the cost of imported cleaning products purchased by the industry.

Cost Structure

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2024

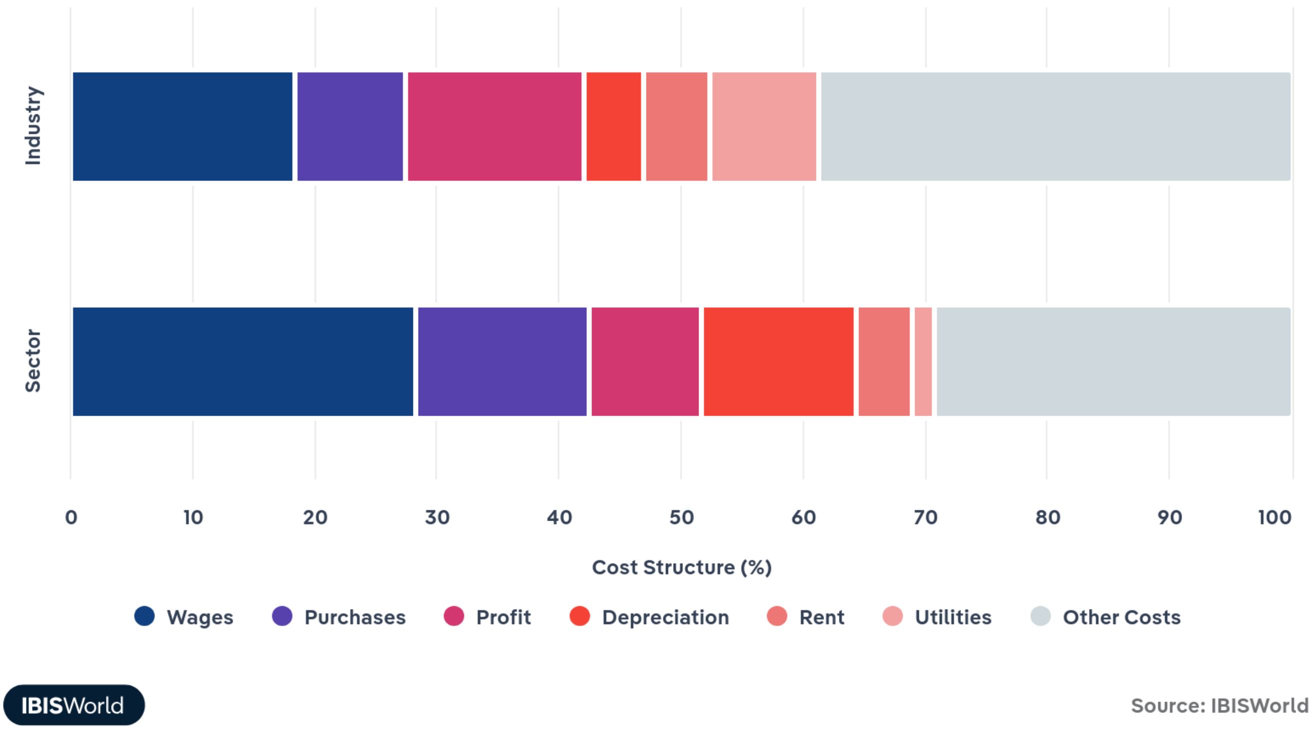


Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

What trends impact industry costs?

Industry firms have invested into automated and self-serve car wash equipment, lowering wage costs

- Car washes have looked to reduce their wage costs by increasing investment in automated and self-serve cleaning equipment.
- As a result of investment in automation, wage costs are expected to decline over the five years through 2023-24.
- The COVID-19 pandemic led to the federal government providing tax incentives for investment, including an instant asset write-off and accelerated depreciation deductions.
- Shift towards more automated systems have led to wage costs falling and depreciation rising as a share of industry revenue over the past five years.

The COVID-19 pandemic has caused supply chain disruptions leading to higher purchase costs

- Purchases account for the largest share of industry costs, and comprise cleaning and washing agents such as soaps, detergent, waxing and rinsing aids.
- Purchase costs have increased as a share of revenue over the past five years, due to elevated cleaning compound costs.
- Global lockdowns and restrictions caused by the COVID-19 pandemic has led to logistical bottlenecks and manufacturing shortfalls.
- Car washes have faced increased freight costs and unit prices for cleaning products, increasing purchase costs as a share of revenue over the past five years.

The COVID-19 pandemic, weaker consumer spending power and rising cost pressures have weighed on profit

- Restrictions and lockdowns associated with the pandemic forced many businesses to close for parts of the year, causing a decline in revenue growth over the three years through 2021-22.
- High inflation and rising interest rates have eroded consumer spending power over the two years through 2023-24, hindering demand for specialised hand car washes, which are high margin sales.
- Rising purchase costs caused by logistical bottlenecks have put added cost pressure on the industry.
- Overall, margins have declined over the past five years.

Reliance on capital constrains growth

Share of economy vs. Investment

IBISWorld

Source: IBISWorld

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2007-08	148,969	0.3	1.7	2.1	32,473	21.8	1.3	30.9
2008-09	148,286	0.3	1.6	2.1	31,583	21.3	1.3	30.4
2009-10	149,718	0.3	1.7	2.1	32,191	21.5	1.3	30.7
2010-11	150,753	0.3	1.7	2.2	32,855	21.8	1.3	31.4
2011-12	146,055	0.3	1.8	2.4	32,417	22.2	1.3	33.4
2012-13	155,635	0.4	1.7	2.3	33,929	21.8	1.3	33.2
2013-14	158,142	0.4	1.7	2.3	35,096	22.2	1.4	33.8
2014-15	156,642	0.3	1.7	2.2	35,091	22.4	1.3	34.2
2015-16	174,344	0.4	1.6	2.1	36,781	21.1	1.3	32.1
2016-17	175,836	0.4	1.6	2.1	39,071	22.2	1.3	34.7
2017-18	175,778	0.4	1.6	2.1	38,474	21.9	1.3	36.3
2018-19	177,694	0.4	1.6	2.1	36,637	20.6	1.4	33.3
2019-20	177,858	0.4	1.6	2.1	34,382	19.3	1.3	32.0
2020-21	173,798	0.4	1.6	2.1	34,292	19.7	1.3	32.2
2021-22	171,734	0.3	1.5	2.0	33,239	19.4	1.3	31.7
2022-23	168,333	0.3	1.6	2.1	32,869	19.5	1.3	31.5
2023-24	170,175	0.3	1.5	2.0	32,051	18.8	1.3	31.0
2024-25	169,434	0.3	1.5	2.0	32,183	19.0	1.3	31.6
2025-26	167,166	0.3	1.6	2.1	32,405	19.4	1.3	32.1
2026-27	170,272	0.4	1.5	2.1	33,456	19.6	1.3	32.5
2027-28	170,767	0.4	1.5	2.1	34,013	19.9	1.3	33.0
2028-29	170,808	0.4	1.6	2.1	34,491	20.2	1.3	33.6

Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

10. Key Statistics

https://my.ibisworld.com/au/en/industry/OD5235/key-statistics

Industry Data

Values

Year	Revenue ($ million)	IVA ($ million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages ($ million)
2007-08	578	178	2,332	1,849	3,878	126
2008-09	631	192	2,596	2,054	4,254	134
2009-10	635	195	2,515	1,974	4,243	137
2010-11	609	191	2,394	1,835	4,039	133
2011-12	591	197	2,264	1,718	4,045	131
2012-13	601	200	2,233	1,677	3,863	131
2013-14	572	193	2,144	1,581	3,615	127
2014-15	612	209	2,357	1,767	3,908	137
2015-16	678	218	2,438	1,826	3,887	143
2016-17	655	227	2,332	1,736	3,723	145
2017-18	648	235	2,359	1,769	3,688	142
2018-19	668	222	2,396	1,772	3,760	138
2019-20	652	208	2,363	1,779	3,667	126
2020-21	615	198	2,244	1,695	3,541	121
2021-22	575	182	2,175	1,645	3,346	111
2022-23	547	173	2,078	1,574	3,250	107
2023-24	535	166	2,077	1,569	3,145	101
2024-25	545	172	2,094	1,580	3,216	104
2025-26	546	175	2,092	1,573	3,268	106
2026-27	557	181	2,121	1,592	3,273	110
2027-28	561	185	2,130	1,590	3,284	112
2028-29	571	192	2,149	1,608	3,340	115

Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages %
2007-08	N/A	N/A	N/A	N/A	N/A	N/A
2008-09	9.2	7.4	11.3	11.1	9.7	6.7
2009-10	0.7	1.7	-3.1	-3.9	-0.3	1.7
2010-11	-4.2	-2.0	-4.8	-7.0	-4.8	-2.8
2011-12	-3.0	3.2	-5.4	-6.4	0.1	-1.2
2012-13	1.8	1.2	-1.4	-2.4	-4.5	0.0
2013-14	-4.9	-3.2	-4.0	-5.7	-6.4	-3.2
2014-15	7.1	8.3	9.9	11.8	8.1	8.1
2015-16	10.7	3.9	3.4	3.3	-0.5	4.3
2016-17	-3.4	4.4	-4.3	-4.9	-4.2	1.7
2017-18	-1.0	3.6	1.2	1.9	-0.9	-2.5
2018-19	3.1	-5.5	1.6	0.2	2.0	-2.9
2019-20	-2.4	-6.3	-1.4	0.4	-2.5	-8.5
2020-21	-5.6	-5.0	-5.0	-4.7	-3.4	-3.7
2021-22	-6.6	-8.0	-3.1	-2.9	-5.5	-8.4
2022-23	-4.8	-5.3	-4.5	-4.3	-2.9	-4.0
2023-24	-2.2	-3.8	0.0	-0.3	-3.2	-5.6
2024-25	1.8	3.6	0.8	0.7	2.3	2.7
2025-26	0.3	1.9	-0.1	-0.4	1.6	2.3
2026-27	2.0	3.3	1.4	1.2	0.2	3.4
2027-28	0.6	2.2	0.4	-0.1	0.3	2.0
2028-29	1.7	3.8	0.9	1.1	1.7	3.1

DISCLAIMER