



“Water recycling biggest difference between Europe and U.S.” Interview with Stephan Weber, WashTec

PetrolPlaza sat down with Stephan Weber, Member of the Board of WashTec AG, and Jim Rennie, Sales Manager at Mark VII, to discuss the relationship between both companies, differences between the European and North American car wash markets, as well as the rise of tunnel washes.

In the year 2000, California Kleindienst and Wesumat Holding AG merged to form WashTec AG - the world's leading car wash manufacturer. Before that Wesumat was already selling car wash equipment in the U.S. with Mark VII as its agent. At that time Mark VII only sold touchless equipment while the German manufacturer was shipping friction systems. When WashTec was formed, they also inherited the agency of Mark VII, a company they decided to buy in 2006. Rather than starting from scratch they preferred to start with an established brand. "At that time, Mark VII fitted very well into our business," explains Stephan Weber.

Mark VII has always been more focused on touchfree systems, while WashTec is an expert in friction. Do you use the same technology in both companies?

Stephan. The choice-wash is something which is very popular in the U.S. and Australia. In Europe, not so much because the combination of friction and touchfree makes the machine more expensive. We have some Nordic countries where they do touchfree wash, but in the rest of Europe people feel like without contact, there is no cleaning process. Our choice-wash machines are mainly manufactured in the U.S. but also in Augsburg (Germany). One of the biggest difference between the U.S. and Europe is friction wash, which is much more accepted in the old continent.

Jim. When I first got into the industry we were just getting away from the free car wash that you go when filling up of the gas tank, so the equipment was not very good. Part of the problem is that they were all friction washes. The brushes were made out of plastic and they used to leave scratches on cars. When touchfree came out, operators saw it as an option to avoid damage claims - they would give up some cleaning capability for improved operation. With WashTec and Mark VII the pendulum is turning back to friction washing. That essentially explains why touchfree got a foothold in the U.S. - the poor technology at the time.

From the public's point view, do they prefer touchfree or friction in the U.S.?

J. The pendulum has swung strongly towards touch washing because it cleans better and from an operator's stand point, it gives them the ability to charge more because the products is better.

S. Plus, the running costs are cheaper. The water and chemical consumption is significantly lower. Chemicals used on touchfree washes are much stronger and aggressive. They are not very popular among operators.

In terms of growth in the market, what differences do you see between Europe and the U.S.?

S. In both markets we can see that the popularity of tunnel conveyors is increasing. These systems only make sense when cost of land is low and the population level is big enough. Those two factors are easy to find in the U.S. Meanwhile, in Germany we say that any city with 30,000 people can have a tunnel but property costs are a lot higher.

S. Also, there is the case that a tunnel wash is a whole business in itself, it can feed a family, while roll overs many times are more of an additional business to a gas station or convenience store. Very strong in margins but it is not a business case in itself. This is why it is popular to have a tunnel.

J. There is more growth in tunnels than in roll overs in the U.S. Another advantage that we have is permitting, which is nowhere as strict as in some parts of Europe.

Are there major differences in regulations between the two areas?

S. The biggest difference is probably water recycling. In Germany you cannot build a car wash without recycling water – you have to build a water reclaiming system. They say that you only need around 20 litres of fresh water to clean a car, while you use a total of 200/250 litres. In the U.S., except for some regions such as California, these tough regulations on water don't exist.

J. It is more of a business case for us right now. We ask: what will water cost in 5 years' time? You put the reclaim in now to lower future costs. A lot of municipalities are requiring it now, but not all.

The American public seems more attracted to flashy products with strong lights and colours. How do you adapt to that?

S. We have the same tendency in Europe, though. Obviously here they seem to overdo it sometimes. At the end of the day, as Europeans, the biggest customer benefit is a clean, shiny, protected, dry car.

J. We try to get there but the experience for customers is still very important.

Is Mark VII's foam wall (Foam Tecs) in line with that trend?

J. It was presented two years ago. We were the first to develop it in the American market for roll-overs. There is a clean element to it but realistically it is mostly about the experience. Although more

companies have started to develop similar products, I can objectively say that ours is the best.

S. I saw it here two years ago and decided to take it back to Germany – it has done very well so far. Related to this topic, there is big difference with chemicals and water recycling. You often have these tricolour foam systems in America. This doesn't work in Germany because if you put that colour into the water, and you recycle water, you end up with coloured water. So the solution is to create the colour with the LEDs rather than dying the foam itself.

What are the growth plans for WashTec and Mark VII?

J. As the boss says, the mission is more (laughs).

S. We have enjoyed substantial growth for two years in a row. And we have no intention of doing less this year. We are in the middle of an aggressive expansion campaign. The introduction of the tunnel wash to the U.S. market should only boost our growth even more.

J. The tunnel wash is a game-changer for us in the U.S. market.

Are there any other products, apart from the tunnel wash, that you presented to the American public at the last Car Wash Show?

S. WashTec is the biggest chemical producer for professional car wash operators in Europe. We launched our patented performance high-gloss polish, Shinetecs, for the U.S. market, a product that has been in Europe for some time. When a car looks dull and the light is not properly reflected, you can use Shinetecs to fill the gaps on the car surface from scratches and such. In the U.S., they want the tricolours. So instead of using the tricolour foam as a shampoo, we wash the car regularly and then apply the Shinetecs to close the surface. It gives a visibly better look on the car which people can appreciate.

Low fuel prices have benefited the development of the car wash market. If they go back up, do you expect it to affect the current growth in use of car washes?

J. The last time fuel prices went up we did some analysis: When it came above \$4 per gallon it started having an effect on the car wash market. I don't really see that coming back unless something unexpected happens.

S. On the other hand, we always have the concern that if fuel prices are low then the major oil companies won't invest in new equipment because it causes such an impact in the income stream. In the meantime, they've learned that a good car wash can make up for that. There are many oil companies that have been divesting for many years. Gas stations are a point of retail and these companies are not experts in retail – they primarily wanted to sell their fuel. But now you have retailers such as Circle K or 7-Eleven diving deep into gas stations because they look at it as a point of retail. And they have no preference to sell washes, fuel or food. The market is shifting but I would say that all for the better of us.