

Business Overview – Starting a Car Detailing Business

Name:

Institution:

Date:

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Business Overview, Vision, and Mission

The proposed business is that of car detailing. The service that will be offered entails washing the exterior of a car, interior vacuuming, waxing, and cleaning the tyres. The intended market constitutes of individual car owners, corporates, and institutions. However, individual car owners are the target market in the short run with an eye for the corporates and institutions in the medium and long run. The business model involves setting up spots close to residential homes and offices where potential customers can drive in and have their cars detailed for a fee. However, the business could offer pick-up and delivery services in future. This involves a customer calling the business and then a representative of the company picking up the car of the customer at their residence, cleaning it up, and dropping it back.

Vision statement: To be a leading car detailing services provider across the United States.

Mission statement: Providing speedy, convenient, and quality car detailing services.

Market Analysis

The current competitors to the car detailing business mainly constitute of car detailing chains. These are companies that have car detailing spots spread out across a state or even car detailing spots spread out across various states in the country. There are also individuals who provide car detailing services. However, these might not offer substantial competition to the business considering that their market share is negligible.

Below is a list of the main competitors:

- Raceway Express Car Wash
- Mammoth Holdings
- Mister Car Wash

- Zips Car Wash
- The Wash Tub

Market Size

The market penetration strategy involves setting up the initial car detailing spot in a city where most of the households have access to a car, as well as, where the cost of living is not very high. The reasons behind this strategy are twofold. First, cities where the households have the highest access to a car will also have the highest demand for car detailing services. Second, cities with low cost of living will be the most favourable to a start-up so that the overhead costs and other costs of running the business are kept to a minimum. According to Peterson (2020), Round Rock, Austin – Texas would be one of the cities where most of the households have access to a car and the cost of living is affordable. The market size would be every car owner within a radius of about 15 miles from the car detailing spot. From a conservative angle, this would mean a market size of around 5,000 potential car owners.

Market Value

It would take around two hours to thoroughly detail a car. In a day, it would be possible to detail around five cars. The average cost of detailing a car would be \$75. Round Rock may be expected to have around 300 car detailing spots on the higher end.

Expected Market Value: Car Detailing Scenario				
Assumptions	Probability $p(x)$	Units (000)	Avg. Unit Price (\$)	Market Value ('\$000)
Pessimistic	0.30	450	50	6,750
Most Likely	0.50	500	75	18,750
Optimistic	0.20	600	100	12,000
Expected Market Value ('\$000)				37,500

Total Addressable Market

Working with 5% market share, the total addressable market would be around 5% * 37,500,000 = \$1,875,000.

Recommendation

It would be a prudent idea to implement the business based on the information collected. The information collected helps us to easily calculate the Return on Investment of the business. An automated car wash machine costs around \$25,000 (Alibaba, n.d.). The cost of one-year rental space would be around \$150,000. Thus, the initial investment of the business would be around \$200,000. Consequently, it would be possible to recoup the initial investment within one year and still make about \$1,500,000 in profit.

References

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