



Havoline

HOW DO YOU COMPETE WITH BRAND-NAME CHAINS?

Strong customer service will help keep your business competitive for the long term

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You've spent several years building a successful, independent fast lube business. You like being your own boss. You have steady, hardworking employees and loyal customers. You've contemplated expanding and acquiring or opening another fast lube facility.

You find out one of your competitors a few blocks away has sold to a chain operation. A big (franchise) player comes into your territory with name recognition, backed by radio ads. Suddenly the local competitive landscape has changed.

This scenario has become more common as the automotive installed business continues to go through consolidation and investor pressure on private equity owned franchise chains requires them to increase site counts. How does the independent owner/operator stay competitive and grow in this environment?

Independent owner/operators have numerous advantages over the franchisee including flexibility compared to the constraints and restrictions imposed with some business models. Often the franchise offers a brand and required operating model and advertising control in exchange for a percent of gross revenue and possibly a royalty. The franchisee also typically pays into a marketing pool of funds for advertising, where the franchisor controls how the funds are spent. The benefit of a franchise model is that if you don't have direct, hands-on experience operating a fast lube, the franchisor provides required processes and procedures for running the business.

In contrast, independent owner/operators are constantly making decisions that they know are best for their business and their customers, such as being involved and visible in the community through various organizations. As an independent owner, if you want to support a local charity, or advertise in the high school football team's program, you don't need to seek permission or funding to do that because you have control over your local advertising and your social media presence.

Rarely does a franchise chain store have its own website—more typically, it appears in a zip code search on the corporate site. Whereas independent fast lubes have the opportunity to use their website and social media platforms to tailor their messages to their local market and customers. Plus, there is an added benefit of

responding to reviews—either positive or negative—personally and quickly as a larger chain operation is less likely to respond online to a dissatisfied customer. Finally, there is the real possibility that the negative performance of a local franchisee can affect other franchisees in the area that are under the same brand name—so just by brand association there could be unintended consequences.

As an independent owner/operator, you also have more flexibility in hiring and setting workplace policies. Many owners tell us they think of their employees as family and treat them accordingly. That means being free to give them time off when they need to attend to personal business, knowing they will return the favor by being extra diligent on the job. Furthermore, you decide how much to pay your employees based on their value to the business, not according to a corporate formula. All of this makes a difference because employees represent your business to your customers. When employees feel they are treated well, that translates into loyalty and better customer service—a win, win for everyone.

As Tom Thornton, who runs a Havoline xpress lube@ in Vancouver, Wash., explains, "Customers love local, family-owned businesses. In this day and age, that's a leg up on the competition." Thornton goes on

to say, "The people who come in for an oil change know us and trust us. That always helps, especially in these times with COVID."

The importance of trust can never be overstated when it comes to vehicle maintenance, as trust is one of the most important reasons why customers return to your shop again and again.

As an independent owner/operator, pairing strong customer service, experience with personalized knowledge of your local community and off-site local advertising will help keep your business competitive for the long term.

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—Kim Tully-Sutton, Lead Marketing Specialist at Chevron Lubricants

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