

Rocket Carwash Executive Summary

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Introduction

In 2022, California announced plans to end the sale of new gas-powered vehicles by 2035. Soon after, numerous other states announced similar plans. We are currently living in the process of moving towards a more sustainability-focused future. One of the most significant parts of this movement is the large-scale adoption of electric vehicles. We believe Rocket Carwash faces a problem in that it is not differentiated enough from its competitors, limiting an opportunity for market share in a sustainability-focused future. Rocket Carwash has the potential to gain a competitive advantage by adding elements to its business model that will cater to the growing number of electric vehicle owners and overall sustainability movement.

Analysis

Rocket Carwash has many positive attributes both internally and externally. Overall, the car wash industry is moving towards sustainability growth. With sustainability being at the forefront of most companies' agendas in the automotive industry, electric cars are rapidly becoming popular, and automotive regulations relevant to such cars are increasing. Regulations, such as reductions in gas-powered vehicles, have led to this movement, which in return has created upward growth in the electric vehicle sector, thus resulting in a need for charging stations. Moving forward, it is important for Rocket Carwash to consider the threats inherent to being part of the car wash industry.

One of the major threats is the ready availability of other car wash services. The industry struggles with product differentiation. This highlights the main question Rocket faces: what makes Rocket the choice of car wash as opposed to a gas station car wash or an at-home car wash? With this question in mind, it is important to consider some of Rocket's characteristics. Is it the speed for which Rocket prides itself that makes its business so successful? Or is it the convenience and affordability? Leveraging these strengths—speed, affordability, and convenience—allows Rocket to set itself apart from its competitors for future customer growth. Furthermore, we found Rocket also faces some weaknesses. As mentioned previously, the car wash industry struggles with product differentiation. Rocket's amenities and features do not sufficiently set itself apart from its competitors, thus resulting in slower growth. Moving forward, we would like to capitalize on the world's sustainability movement and the growth in the electric car space for Rocket to set itself apart from its competitors and expand its offered amenities.

Recommendation

We are proposing that Rocket Carwash partner with Tesla to incorporate Level 3 Electric Vehicle Superchargers. According to PwC, "the number of EVs in the US will climb a trajectory to 27 million by 2030 and 92 million by 2040." Complementary to this, environmental advocates are pushing for political change to end the sales of combustion-powered vehicles by 2035. This is an excellent opportunity for Rocket Carwash to sustainably differentiate itself from competitors and be one of the first in its industry to provide this service to customers.

With EVs on the rise there is a demand for charging stations. The "Charging Accessibility" table lists the states where Rocket Carwash is present. Further investigating the adoption rate, we identified whether there were charging ports near Rocket locations and made decisions as to where to implement stations with data to back our conclusions. In reference to the data found, we recommend implementing the chargers through phases, beginning in California, Texas, and Minnesota. Our team found these areas have high rates of registered EVs. Additionally, Tesla is looking for partners to implement charging stations in Texas and Minnesota. In those states, there are few charging stations accessible around Rockets locations. Minnesota is still under development, but we feel it would be of great benefit to work charging stations into the plans. Ideally, there will be 4-8 Superchargers per location. Installation of the

Superchargers is estimated to take 2-4 weeks. The Superchargers would be placed near the vacuums to provide the convenience to top off a charge while detailing the interior of the car.

Tesla's technological ecosystem and network communications have established a loyal customer base. Tesla is well known globally for its innovation, quality, and efforts to create sustainability in the automotive industry. Data, reports, and news outlets frequently discuss Tesla's latest developments. One development that will have a significant impact on the automotive industry is Tesla's plan to be more accessible and affordable to the average consumer. Expanding this customer base will require more charging stations. Tesla makes it easy to start the process of becoming a partner through its website. Tesla Superchargers are appealing as they can be used universally. Tesla's network links EVs with charging stations nearby, providing a chance to funnel new customers and EV users to Rocket Carwash.

The astounding growth forecast for EVs suggests this move can bring value to both Rocket Carwash and your customers. In pursuit of our recommendation, we hope to take a path to a sustainable future and continue to build upon this to differentiate us from our competitors.

Breakdown Costs Comparison

We found Tesla will cover all costs relating to installation, maintenance, and property modifications. Tesla will also cover all utility costs. Rocket will benefit from the Tesla cloud network, which recommends chargers to on-road drivers and would bring in large amounts of EV drivers to your locations. The process of installing 4-8 chargers at a given location is estimated to take 12-20 weeks.

By contrast, if Rocket were to install the chargers and cover all the costs itself, the equipment would cost an estimated \$60,000, and the modifications to property would be \$100,000-\$200,000 per location. Electricity costs vary between states and the pricing differences vary greatly by the time of day the cars are charged. Rocket would also need to acquire permits, along with hiring numerous contractors.

Updated Subscription Model

We updated Rocket's price model with \$1 added to all the single washes and \$2.50 added to all unlimited washes. We propose this price model be implemented at a given location when Tesla Superchargers are added as a means for Rocket to profit. Compared to one of the highest price model competitors, the new prices are 0.04-15.1% less for single washes and 17-25% less for subscriptions. With the utilization of the Tesla charger to differentiate itself, this percentage shows Rocket can maintain its cost advantage. Because Rocket's Carwash's current subscriptions number 5,000-7,000 per location, our revenue projection on the additional earnings is \$150,000-\$200,000 in 12 months.

Sustainably Giving Back to the Community

Something to consider about the implementation of Tesla Superchargers is this: what's to stop competitors from doing this? Throughout our analyses we found one of Rocket Carwash's core values is "giving back to the community." We believe Rocket Carwash can help fulfill this value by donating 0.05 cents of every new subscription and monthly renewal to a sustainability non-profit of the customer's choosing, such as 350.org, Oceana, and the Conservation Fund. This would attract the loyalty of sustainability-focused consumers and serve as additional marketing from the endorsements of nonprofits.

Conclusion

By incorporating Tesla Superchargers at Rocket Carwash locations, Rocket Carwash will be the first major subscription-based car-detailing service to make efforts towards sustainability and cater to a rapidly growing electric vehicle market. Three of Rocket's core values are speed, convenience, and community engagement, but we believe it can now be sustainability, speed, convenience, and community engagement.

Six Major Automakers Agree to End Gas Car Sales Globally by 2040

Ford, GM, Mercedes-Benz, and others, along with 30 nations, signed a pledge to eliminate sales of new gas and diesel-powered cars by 2035 in "leading markets."



BY CALEB MILLER PUBLISHED: NOV 10, 2021

Business

3 minute read · April 21, 2021 4:26 AM CDT · Last Updated 2 years ago

NATIONAL

California will ban sales of new gasoline-powered cars by 2035

Updated August 25, 2021



Nathan Rott



U.S. government to end gas-powered vehicle purchases by 2035 under Biden order

By David Shepardson and Ben Klayman



BUSINESS

Giving up gas-powered cars was a fringe idea. It's now on its way to reality

November 20, 2021 · 5:00 AM ET



Camila Domonoske

15 States Plan to Ban Gas-Powered Cars—Is your State Next?

September 4, 2022 · 4 Comments · [Electric Vehicle](#), [Fuel](#), [Gasoline](#), [Infrastructure](#)

Twelve U.S. states urge Biden to back phasing out gas-powered vehicle sales by 2035



Cars > Car Industry

Massachusetts says it will ban sale of new gas-powered cars by 2035

The state follows California's example after it became the first state in the union to announce an identical ban last year.

What to Know About California's Ban on New Gasoline-Powered Cars

By 2035, California shoppers looking for new vehicles will have to buy electric.





Differentiation through Sustainability

Spring 2023 Capstone
Cup Finals

Team KEEK

Rocket Carwash does not differentiate themselves from their competitors, hindering an opportunity for market share in a sustainability-focused future.

Industry

Opportunities

- Increase in motor vehicle registrations
- Automotive regulations
- Sustainability movement

- Numerous substitutes
- Lack of product differentiation

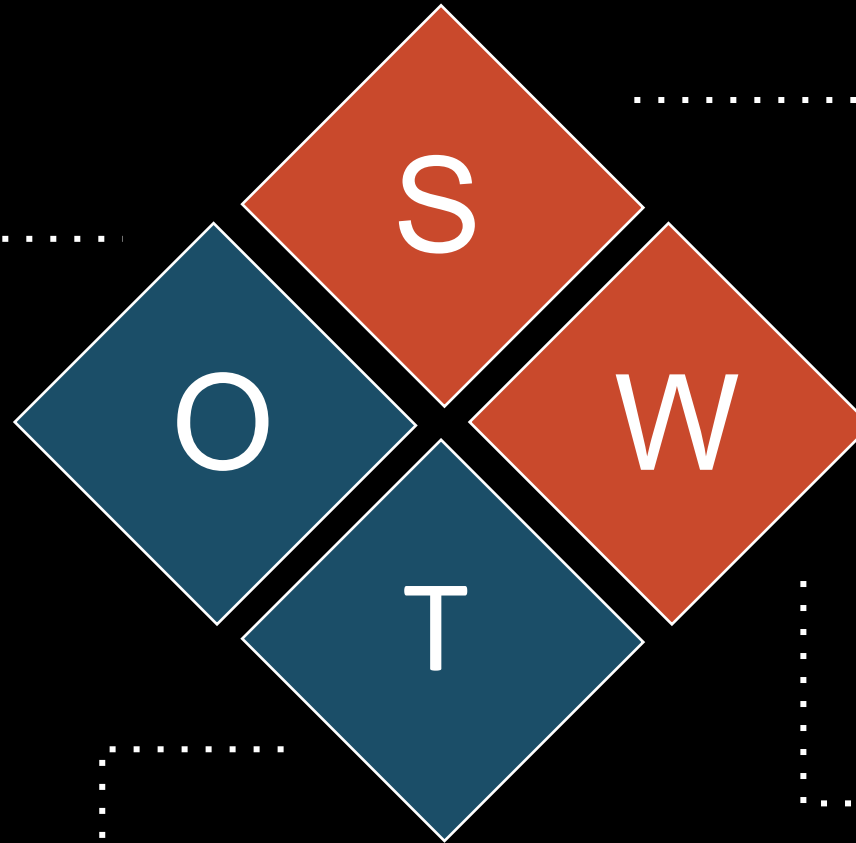
Industry Threats

Rocket Strengths

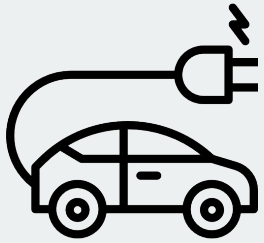
- Speed
- Convenience
- Affordability
- Community engagement

Rocket Weaknesses

- Similar amenities
- No standardization across locations



Elevating Rocket with EV Chargers



EVs to climb
from 27 to 92
million by 2040



Political movements
striving to end sales of
combustion-powered
vehicles by 2035



Tesla
partnership to
implement EV
stations near the
vacuums

Charging Accessibility

State	Port to EV Ratio	Open Locations	Coming Soon Locations
Arizona	1:22	0	1
California	1:27	2	6
Florida	1:19	0	3
Iowa	1:11	4	3
Minnesota	1:17	0	7
Nebraska	1:12	8	4
Pennsylvania	1:18	1	1
South Dakota	1:7	0	1
Texas	1:16	3	1
Utah	1:9	2	0
Washington	1:22	0	1

Charging Accessibility

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Pennsylvania	1:18	1	1
South Dakota	1:7	0	1
Texas	1:16	3	1
Utah	1:9	2	0
Washington	1:22	0	1

Our Strategic Recommendation

Tesla Level 3 Supercharger implemented in the following states - Phase 1

- California
- Texas
- Minnesota



Tesla Registrations – Rocket Carwash Locations

California

- Los Angeles / Riverside metros
- 8 locations
- Some EV chargers near locations
- Tesla approximately 54% of total registrations

Texas

- Dallas / Fort Worth / Houston metros
- 4 locations
- 0 EV chargers near locations
- Tesla 54.21% of total registrations

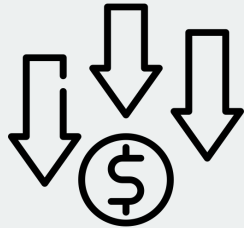
Minnesota

- Minneapolis / St. Paul metro
- 7 locations
- 0 EV chargers near locations
- Tesla 40.75% of total registrations

Why Tesla?



Ease of Use



Cost
Leadership



Simple
Application
Process



Brand
Reputation



Universality



EV Market
Leader

Price Comparison

Tesla

- Free Installation / Maintenance
- Free Modification to Property
- Tesla Takes on Electricity Costs
- Free Marketing for Rocket
- 12 – 20 Weeks

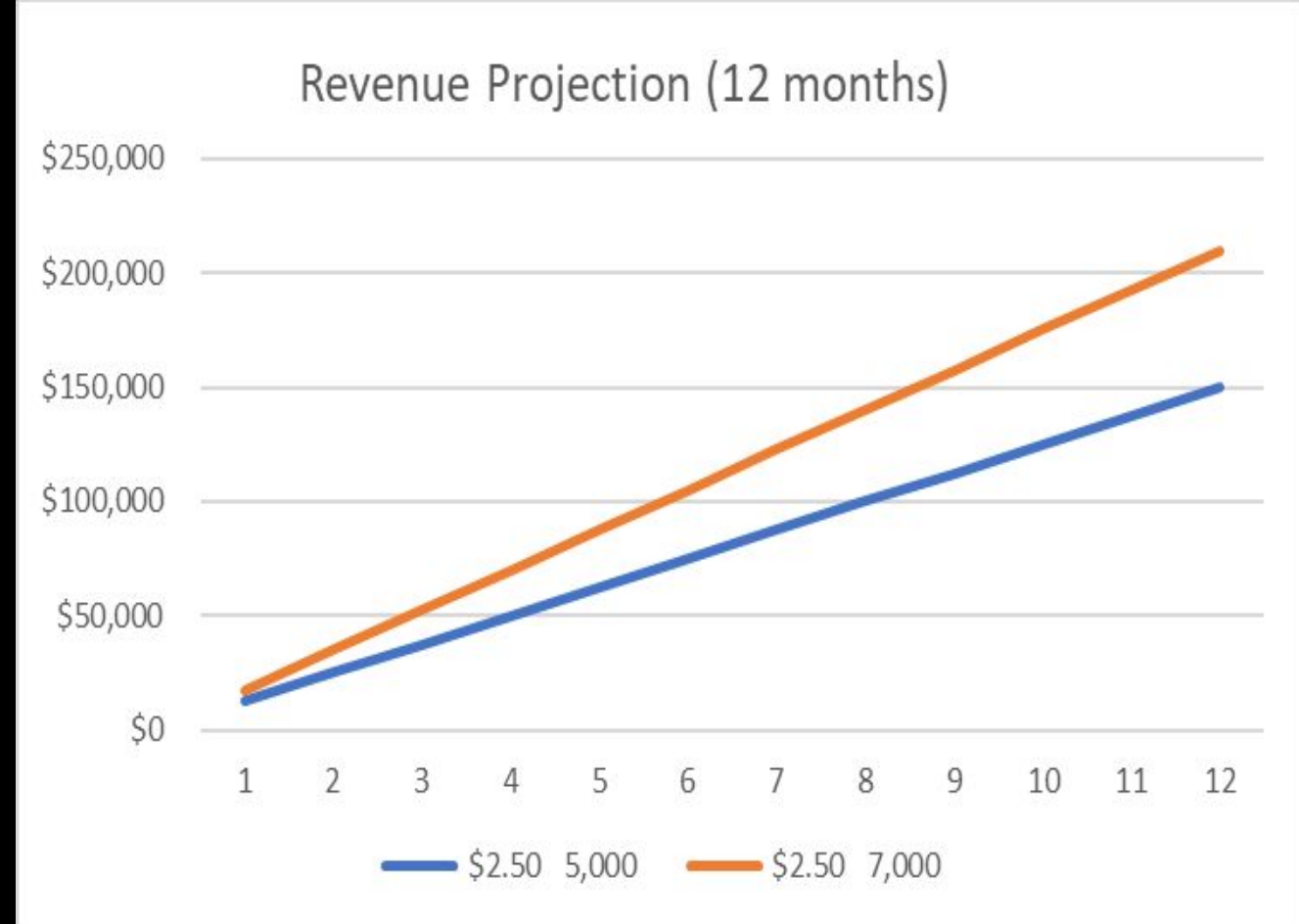
****Tesla takes on these costs****

Site Installation

- Initial Cost of Equipment: \$60,000
- Modification to Property: \$100,000 – \$200,000
- Electricity: Depends on State
- Acquire a Permit
- Longer Installation Due to Hiring Contractors

Updated Price Model

Price Package	Single	Unlimited
Express	\$8.99	\$22.49
Works	\$14.99	\$27.49
Ultimate	\$16.99	\$30.49
Rocket	\$24.99	\$37.49
Rocket Plus		\$72.49
Compared to Competitors	0.04% - 15.1% less	17%-25% less



The logo for Rocket Carwash, featuring a blue square with a white left-pointing arrow and the number 350 in white.The logo for OCEANA, featuring a blue wave icon to the left of the word OCEANA in a bold, dark blue, sans-serif font.The logo for The Conservation Fund, featuring the words THE CONSERVATION FUND in a blue, serif font, with horizontal lines above the word THE.

Sustainability Giving Back

For every renewed monthly subscription, Rocket Carwash will donate 5 cents to an environmental fund of the subscriber's choice.

Options provided by Rocket Carwash

Any
Questions?





STRATEGIC CHALLENGE

ROCKET CAR WASH IS NOT DIFFERENTIATED FROM THEIR COMPETITORS LIMITING AN OPPORTUNITY FOR MARKET SHARE IN A SUSTAINABILITY FOCUSED FUTURE.

ANALYSIS HIGHLIGHTS

INDUSTRY HIGHLIGHTS

- EV INDUSTRY GROWTH
- AUTOMOTIVE REGULATIONS
- SUSTAINABILITY MOVEMENT

INDUSTRY THREATS

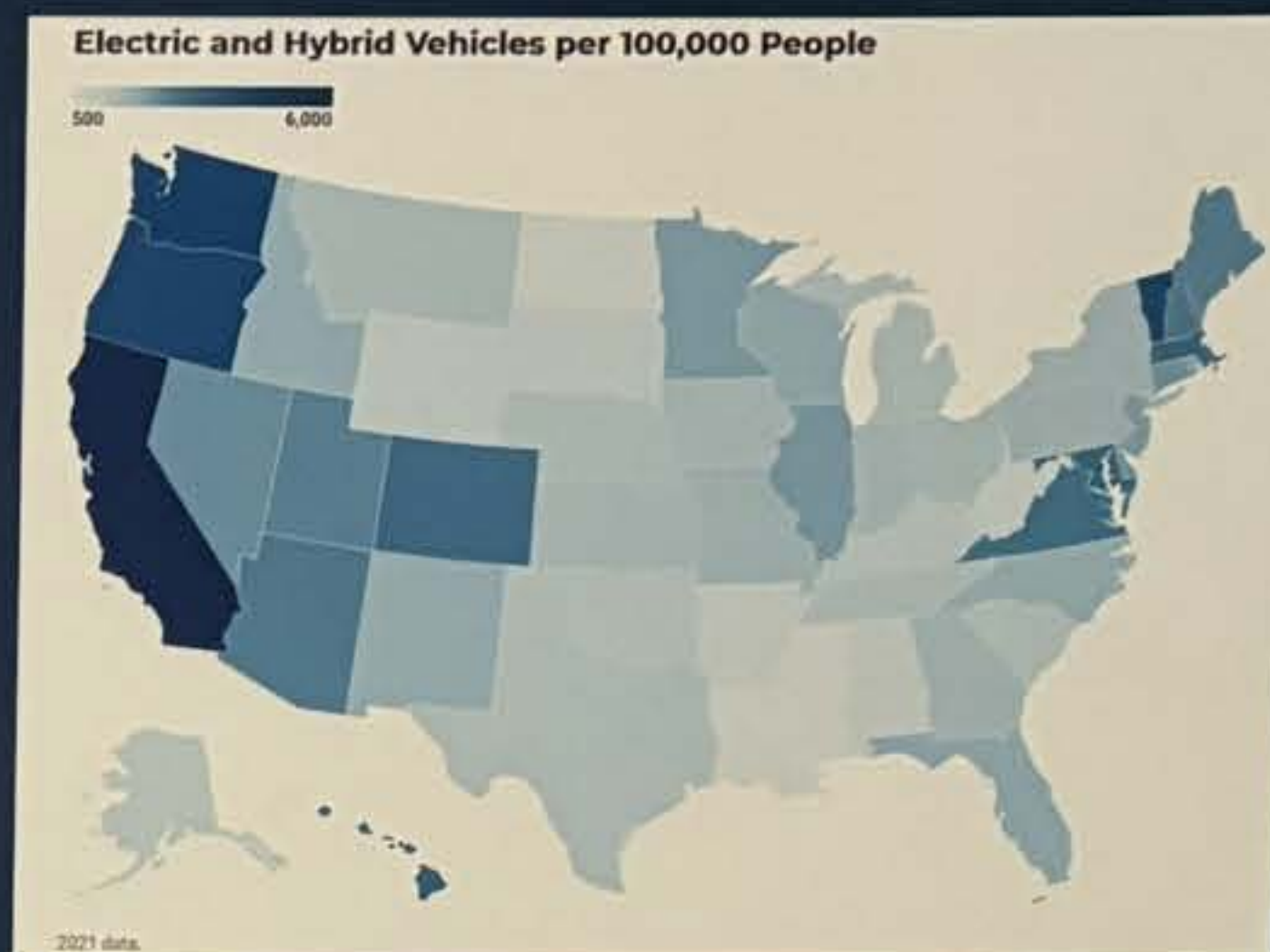
- GAS STATION CAR WASH
- AT HOME WASH

INTERNAL WEAKNESSES

- AMENITIES/FEATURES

INTERNAL STRENGTHS

- SPEED
- CONVENIENCE
- AFFORDABILITY



RECOMMENDATION

TESLA LEVEL 3

ELECTRIC VEHICLE CHARGING STATIONS



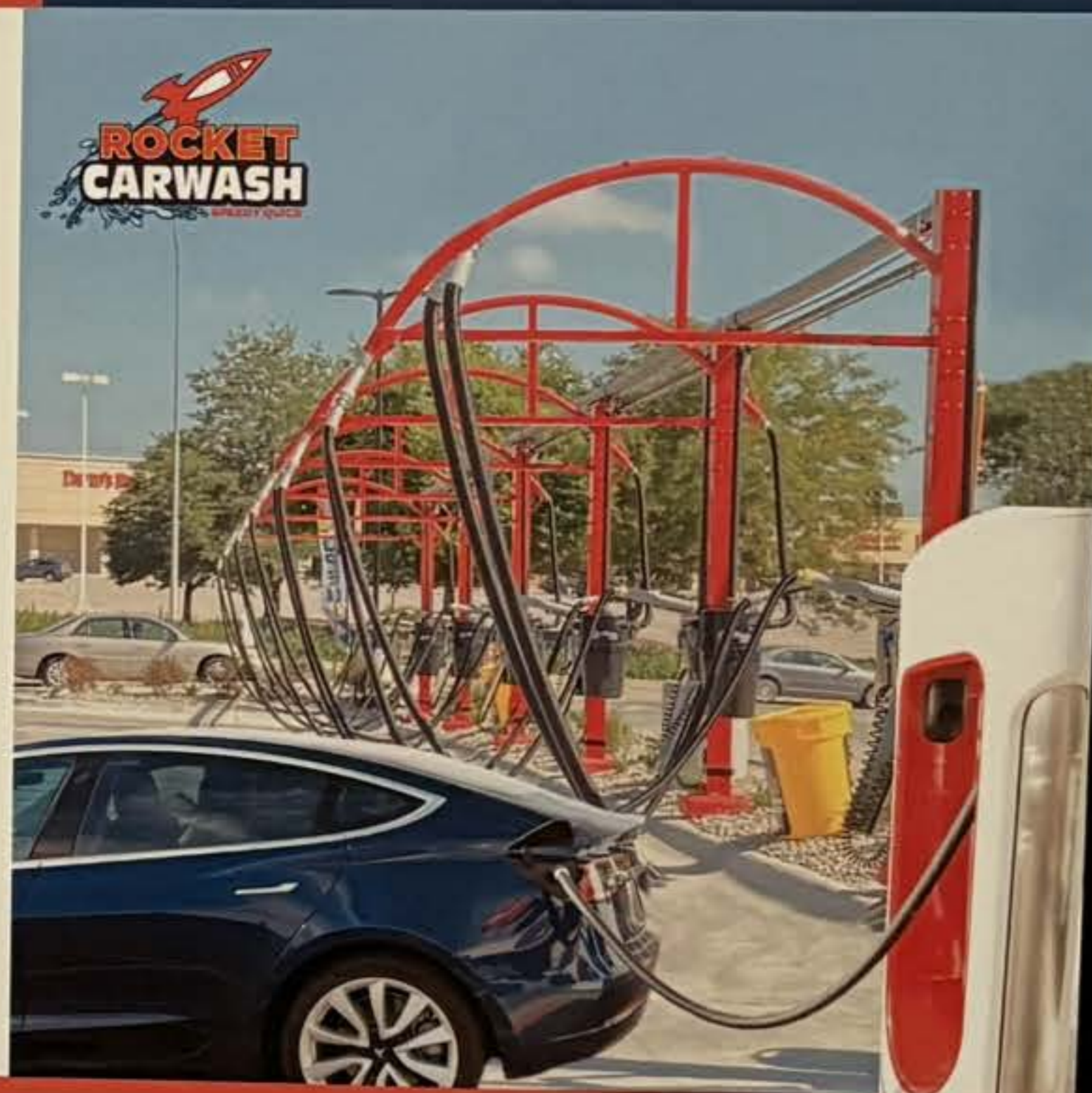
INSTALLATION THROUGH PHASES



TIME AND CONVENIENCE



SUSTAINABILITY



BREAKDOWN COSTS

LEVEL 3: 480-VOLT

MAIN COSTS:

INSTALLATION: \$6,000/PORT

INFRASTRUCTURE

UPGRADE: \$12,000 - \$15,000

EQUIPMENT: \$40,000

INCENTIVE TO OFFSET

COST:

FEDERAL TAX DEDUCTIBLE: 30%

PREMIUM

SUBSCRIPTION MODEL:

PREMIUM WORKS WASH:

\$49.99

PREMIUM ULTIMATE WASH:

\$54.99

Number of EVs in US poised to grow by nearly 10-fold through 2030



GROUP 5: KATIE, EHBLU, ERIN, KYLE

UNIVERSITY OF
Nebraska
Omaha

