

# Franchise Times<sup>®</sup>

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## ■ Upfront



## Not going the extra mile

### Franchises temper effects of high gas costs

**T**he days of paying \$1 to \$1.50 per gallon at the pump are likely over. Here are ways some franchises are responding to higher fuel expenses:

- United Parcel Service is implementing a “package flow technology” for The UPS Store that will help local operators plan routes before trucks hit the roads. When the new technology is fully implemented, (it’s now in half of its locations) UPS management projects it will save the company 100 million logged miles and 14 million gallons of fuel annually. Additionally, 1,800 of UPS’ 88,000-vehicle fleet currently use alternative fuels.
- An additional 15 percent of Domino’s Pizza franchises started to charge a delivery fee in 2005, the average of which was \$1 to \$1.20 per order. Tim McIntyre, Domino’s spokesman, says they first started to see franchisees add delivery fees in 2002. Thanks to higher gas prices, now 60 percent of the company’s 4,460 U.S. franchises charge for delivery.
- Colors International, a mobile franchise that restores leather, vinyl, fabric, plastics and carpeting, gives a weekly allowance to its seven corporate mobile technicians located in Wisconsin and Florida. As the price per gallon has increased, CCI has adjusted its allowance. In the late ‘90s, when gas was around \$1.50 per gallon, CCI paid its technicians an allowance of \$40 per week. Today, CCI has increased its allowance to \$55.
- Two Men and A Truck co-founder and franchisee, Jon Sorber, who operates three franchises in Michigan, raised his store’s hourly rate by \$5 to \$95 per hour. Sorber, who also serves as franchisor, said the franchise is testing trucks that use unleaded gas because they currently are less expensive to buy and run than diesel trucks. Two Men has 168 locations using 1,000 trucks.
- At Furniture Medic, a furniture repair and restoration franchise that offers onsite visits, several franchisees have raised prices “a couple percent.” Mark Porada, director of franchise operations, says some franchisees are now emptying their vans each day and bringing only essential items to make their vans lighter and more fuel-efficient. Furniture Medic has 500 franchises in Canada, the U.S. and the U.K.
- Aussie Pet Mobile, a mobile pet grooming franchise, now uses Mercedes vans that post approximately 20 miles per gallon using diesel fuel. The franchise previously used a truck-and-trailer system that ran about 10 miles per gallon. Aussie Pet Mobile introduced the vans in July and currently has 23 vans in its system.
- At Geeks on Call, an onsite computer and network repair franchise with 339 units, regional managers, monthly corporate newsletters and e-mails regularly remind operators how to save gas. These tips include reminders to take highways whenever appropriate and to turn off vehicles and go inside restaurants, rather than idling cars in drive-thrus. “All of these are small things but combined they can really make a difference,” Matt Nelson, communications manager, says.
- McAlister’s Deli uses drinking cups, containers for salad dressings and salads, and catering trays made with a resin that uses petroleum-based chemicals. In October, McAlister’s vendor announced prices for these products would increase 10 percent to reflect higher fuel costs. While the franchise hasn’t increased its prices yet, Chief Development Officer Patrick Walls says they’re waiting to evaluate the impact until early next year. He adds that higher fuel prices and the aftermath of the hurricanes have driven up new construction costs about 10 percent for the franchise. McAlister’s currently has 187 stores.

—Stacy Freeborg