

## Chain taps into niche for car care

Ecofriendly, helpful service gets emphasis

By Max Jarman

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With leather couches, granite countertops, children's play area and Internet cafe, Honest-1 Auto Care may not be the typical car-repair shop.

But the stores are a classic example of how to research a market segment and create a niche.



Jack Keilt

The growing Scottsdale-based chain of 22 car-care locations in 10 states has focused on transforming the traditional repair shop, viewed by some as a little greasy and intimidating, into an ecofriendly, customer-service-oriented business.

"We're the only national franchise in automotive repair to be 100 percent certified ecofriendly," said Jack Keilt, Honest-1's president and CEO.

Keilt, who has a background in franchise development, joined Honest-1 in 2008 after Kingman businessman Gary Messer acquired the struggling Las Vegas chain of 19 franchised auto-repair

shops.

The leadership group saw potential and hired a marketing consultant to determine if there were any unfilled niches in the fragmented auto-repair industry.

The consultants found that people generally considered auto-repair shops to be dirty places, with questionable integrity and environmental practices.

"They saw an opportunity for an ecofriendly auto-care business that had a reputation for honest dealings," Keilt said.

More auto shops have been exploring ways to incorporate environmentally friendly practices.

In 2005, the Arizona Department of Environmental Quality and AAA Arizona launched a program to encourage more repair shops to embrace green practices. To date, 65 auto-repair businesses have been certified as green auto shops.

Those businesses have found ways to protect the environment and conserve resources through better front-office waste disposal, parts management, housekeeping, cleaning parts, fluid recycling and energy-use policies.

"There is a growing concern from our customers to be more environmentally conscious and to do business with environmentally conscious businesses," said Gary Bons, an operations manager at AAA Arizona.

In addition to AAA, the program now includes the Automotive Service Association of Arizona and the city of Mesa.

Honest-1, which is not certified by ADEQ, used its guidelines and those established by Portland, Ore., to create its own in-house certification program, Keilt said.

The company also saw an opportunity among female customers who generally felt intimidated by auto-repair shops but who represented two-thirds of its customers.

The U.S. auto-repair-shop industry includes about 165,000 establishments, operated by large chains and sole proprie-

### Honest-1 Auto Care

**What is it:** Aftermarket auto-repair franchise

**Headquarters:** Scottsdale

**Founded:** 2003

**Locations:** 22 in 10 states

**Employees:** About 150

**Annual revenue:** About \$600,000 per store

tors, which have combined annual revenue of about \$85 billion, according to the Automotive Aftermarket Industry Association in Bethesda, Md. The industry is fragmented, with the 50 largest companies, including Meineke, Midas, Monro Muffler Brake and Precision Auto Care, generating less than 10 percent of the revenue.

Honest-1 set out in 2008 to shape its image into one of an environmentally responsible company that was honest and welcoming to female customers.

The company developed programs and procedures that require franchisees to be upfront with customers about their car problems.

"We're not going to sell anybody something they don't want or need," said Gene York, a franchise owner in Glendale.

Honest-1 also came up with a new design for its stores that includes up-scale waiting rooms, children's play areas, complimentary beverage bars and Internet cafes.

New stores were required to follow the guidelines, and existing franchisees were required to upgrade to the new format.

Positioning the company as the industry leader in responsible environmental practices was more challenging.

Repair shops already actively recycled motor oil, batteries and other car parts, yet they were not generally perceived to represent a green industry.

Keilt looked for an organization that could vouch for the environmental integrity of the company's locations.

Finding no national standard, Honest-1 developed and registered a certification plan known as the Environmentally Sustainable Actions program that franchisees must follow.

"People are looking for products that are environmentally friendly," said Rich White, senior vice president of the Automotive Aftermarket Industry Association. "They want things to be recycled, and they want their vehicles to run more efficiently with less pollution,"

Honest-1's in-house certification program consists of 92 points, of which 85 percent must be met to earn the "Eco-Friendly" designation.

The program sets standards and practices in four major categories: pollution prevention, recycling, resource conservation and offering and promoting the franchise's Eco-Friendly Auto Care services such as its ECO TuneUp and ECO Oil Change.

To reinforce its position, Honest-1 Auto Care formed a partnership with American Forests, a non-profit organization that plants trees for environmental restoration.

The company will fund the planting of 60,000 trees this year on top of 40,000 it helped plant in 2009.

Its efforts seem to be paying off. The company has sold a number of new franchises and has seen sales improve by more than 10 percent at locations open more than one year.

York's location at 15420 N. 59th Ave. in Glendale has been open for about eight months, and so far he is pleased with the results.

"The economy's been hard on everybody, but we're doing OK," York said.

York, who spent 23 years as a firefighter in the Scottsdale area, was looking for a business opportunity to take him to retirement when he found Honest-1 Auto Care.

"It seemed like something there would be a market for," he said.

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*Republic reporter Jahna Berry contributed to this article.*