

Setting up a Self-Service Laundromat

A laundromat can give you a nice little side income if you have some spare cash and time to dedicate to it. It would be fair to say that you would need a chain of several successful laundromats before it would be enough to make it a full-time job. Do not underestimate what is involved with the setup and running of a self-service laundromat there is much more to it than you may think.

This is a very brief guide of things to consider.

1. Your market

There has been an explosion in laundromats around New Zealand over the last 10-15 years and the market is much more competitive. However, there will be opportunities out there you just need to find them. As a rule of thumb one average size laundromat will cater to a population of 10,000 people. It is often said that laundromats are for poor areas, however laundromats are often used by tourists and the time poor.

2. Your budget

A minimum budget for a small laundromat would be around \$250k right up to \$1 million for the larger sites. When investing this sort of money, you want to be sure you have done your due diligence.

3. Your site

Is it big enough?

A lot of spaces look great when they are a vacant shop but can become very small very quickly with some equipment installed. Have a look at recent laundromats that have opened, and you will see that bigger is better. Always factor in a minimum 500mm service area behind machines. Laundromats will occupy shops from just under 100m² up to large 300m² sites. Also consider carparking, the easier you make it for customers the better it will perform.

How is it built?

You are going to need a solid concrete floor to support the equipment. Also, you will notice that most laundromats are single story building to allow for venting of dryers. In some cases, dryers can be vented out a side wall, but you will need to check if that is an option.

Services

Make sure before you sign a lease you have your plumber & electrician check the place out to ensure that you have enough power coming into the site; check gas is available (if not you can look at an LPG option which is common in the South Island). Also, you need to make sure you have adequate drainage. The local council will be another organisation to consult prior to signing a lease so you understand the charges associated with incoming and outgoing water and the requirements around monitoring of PH, dissolved solids etc. further to this the council may require building consents, resource consents, traffic impact reports and they often charge development levies that can be in the tens of thousands of dollars.

Insurance

Often one of the last things people think about. Engage an insurance broker early and involve them before signing a lease. Self-service laundromats are an extreme fire risk and insurance companies are notorious for avoiding risk. Your broker may have to approach several insurance companies before finding one that will take on the risk.

4. Equipment

Your largest cost will be the equipment you install, and you will need to consider this carefully. Remember cheapest is not always best. The best self-service laundromats are the ones that cost you the least amount of your time in the long run. There are 3 main suppliers to consider when looking to setup a laundromat in New Zealand and they are: Gooder Equipment, ELS NZ, & SpeedQueen. All of these suppliers will be able to offer advice around size of washers and dryers and layout of the laundromat.

5. Payment systems

This is another consideration when setting up a laundromat, how will you take payment / how will machines operate? There are 4 main types of payment system available.

1. **Cash.** Typically operated but using standard \$1 or \$2 New Zealand denominations.
Benefits are: Its simplicity.
Negatives are:
 - a. security related issues,
 - b. coin jams in machines,
 - c. the move towards a cashless society
 - d. increasing resistance from the banking sector.
 - e. Time involved with banking

2. **Tokens.** Usually purchased via a token dispensing machine with cash or card. Tokens are then used to operate washers and dryers.
Benefits are: less cash on site.
Negatives are:
 - a. Coin jams
 - b. They deplete over time, so you need to continually purchase more
 - c. It adds a step between payment and operation of equipment

3. **Stored value cards or 'keys'.** A card or key with a credit card like chip that you load a certain amount of money onto from which you use to pay to operate washers or dryers.
Benefits are:
 - a. no cash onsite
 - b. you have the ability to track individual usage
 - c. unused value on cards, is your gain
 - d. less time involved with banking**Negatives are:**
 - a. generally, only one point to 'load' value onto the card
 - b. It adds a step between payment and operation of equipment

4. **Eftpos terminals directly mounted to machines. These are setup to talk to the washer or dryer, once you** have selected your cycle the Eftpos machine will request payment. Once payment is accepted the machine will start.
Benefits are:
 - a. 100% cashless
 - b. It's simple and removes a step compared with tokens or stored vale cards & keys
 - c. Multiple payment points
 - d. Less time involved with banking**Negatives are:**
 - a. The more Eftpos terminal the higher the fees can be.

Once you are open

Ok so you are all setup and ready to go what else do you need to consider?

1. **Cleaning.** At a minimum you will need to clean your laundromat every single day including weekends. Your insurance policy will have a mandatory clause around cleaning dryer lint screens every day.
2. **Security.** CCTV and patrolled visits are a good idea to keep your investment safe. Laundromats are appreciated by the homeless as a warm dry place which can put off your clientele.
3. **Maintenance.** All machinery needs ongoing repairs and maintenance. Your chosen equipment supplier should offer warranties, advice and spare parts.
4. **Advertising.** As mentioned above this is now a very competitive market. You will need to promote your new site to make the public aware you are open and what makes you better than your competitors.