

BUSINESS MODELS

HOW TO START A... LAUNDROMAT BUSINESS

It's the kind of business that you walk past daily without ever giving it a second thought – but, with fresh takes always emerging for this high-street staple, what exactly goes into running one?



THE BUSINESS

The laundromat – also known as a launderette – is a self-service facility that lets members of the public wash and dry their clothes using commercial-sized machines that are built to handle constant use and heavy loads. The first modern laundromat opened in Texas during the Great Depression in 1934, drawing customers with the promise of low-cost laundry. Today, you'll find them on every busy street in urban centers all around the world.

THE OPPORTUNITY

The humble laundromat can be a highly lucrative business. The basic fact is that people need clean clothes and many people – especially apartment dwellers – don't own a washing machine or a tumble dryer. For instance, in places like New York City, apartment rental company Renthop estimates that only about 20% of apartments have the infrastructure required for installing washer and dryer units. Being able to do your laundry at home is a luxury. So it's unsurprising that laundromats rake in some serious money – in the US, they can each generate up to \$300,000 in revenue per year, according to the Coin Laundry Association.

Running a laundromat is fairly straightforward – the equipment is easy to maintain, labor costs are low and there's no inventory involved. It's also a reliable source of income, as you can expect a steady stream of customers at any time of the year. In fact, that same data from the Coin Laundry Association points to a 95% success rate over a five-year period. That's a pretty sure bet. What's more, it offers plenty of flexibility. As the model is easy to operate, you can choose to run it full-time or as a side hustle, or perhaps even combine it with a second business, such as a cafe, a salon or even an arcade. The laundry world is awash with possibilities.

THE PREREQUISITES

Chris Brick is the director of national sales development at Laundrylux, a US-based company that provides commercial laundry equipment, business solutions, financial support and marketing services. We ask him about the basic requirements for opening a laundromat.

KNOWLEDGE	⇒ There are no industry certifications required to open a laundromat. 'However, previous business history and basic mechanical abilities [to service your equipment] are preferred,' says Chris.
COST	⇒ Chris says a laundromat with 20 washers and dryers will cost around \$350,000 to \$400,000. 'You're looking at equipment and construction costs – the build-out of the space, electricity, plumbing, utilities and carpentry,' he says. There are licenses, permits and appliance installation fees to factor in, too.
SPACE	⇒ 'The average size of a laundromat in the US today is around 2,500 square feet,' explains Chris. Laundromats usually occupy their retail space on long-term leases but, as he cautions, 'don't sign a lease for your property until you have secured funding for your project'.

THE CHECKLIST

What's your business model?

Are you planning to open a standalone establishment or a chain of laundromats? And have you considered the possibility of running a hybrid business – so, combining your laundromat operations with, say, a cafe? This will help you diversify your income stream and broaden your customer base.

Which locations will you target?

You need to understand an area's demographics. Given a regular customer won't own washing and drying equipment themselves, working-class neighborhoods, areas with many rental apartments or near college campuses make sense. 'The number-one thing we look out for is renter-occupied households, and those with a household income of typically under \$50,000,' says Chris. 'You also need to look at the location from a physical standpoint – how easy it is to get in and out, the parking options available and the existing utilities, which will impact construction costs.'

How will you accept payment?

Coin-operated laundromats are a dime a dozen, but many businesses are switching to more hygienic, cashless systems in light of Covid-19. While

installing a card system can cost up to \$40,000, it can boost overall sales – especially as people often don't carry cash these days.

How many employees will you need?

If you're opting for a coin-operated laundromat, you'll need someone to empty the coin boxes daily. There are other janitorial tasks to consider as well, from mopping the floors to wiping down the washers and dryers. Finally, there should be someone in charge of accounting and administration.

Will you offer any extra services?

You can help to grow your bottom line by offering services such as wash and fold, dry cleaning and delivery – though this will naturally require more staff to be on site.

What about operating hours?

Keep in mind that most people do their household chores after work or on weekends, so plan your operating hours accordingly. According to figures from Laundrylux, 50% of laundromat sales are made on Saturdays and Sundays. If you're running a basic laundromat without any extra services, you might even keep your doors open 24/7. 🚀

THREE BUSINESSES TO WATCH

01. SPLASH
Barcelona. With its sleek steel interiors and neon lighting, Splash looks more like a nightclub than a laundromat. Customers can get a rechargeable prepaid card to save 10% on their laundry.

02. WASBAR
Belgium. At this chain of hybrid laundromat-cafes, you can tuck into a bagel or a chai latte while waiting for your clothes. Its outpost in Korenmarkt, Ghent, also features an on-site hair salon.

03. CELSIOUS
New York City. This eco-friendly laundromat in Brooklyn uses energy-efficient washers and dryers and offers 100% biodegradable laundry powder. The space – filled with indoor plants and sunshine-yellow decor – is stylish to boot.

RESOURCES

- If you're based in the US, the **Coin Laundry Association's** website offers plenty of helpful information for both owners and investors, from demographic reports to service directories.
- William Arthur's book, **Success in the Laundromat Business**, is a concise read that outlines everything you'll need to know about purchasing and operating your very own laundromat.
- Join the **Laundromat Owners Forum** – Ideas For Success! private Facebook group to become part of a network and get some valuable advice and tips from fellow laundry entrepreneurs.

ILLUSTRATION: Steven Gregor.