

Retailer Notes

Auto Palace (formerly ADAP): Danvers, MA

- 1991: 15M SKUs (on average carried). Increased by 6M SKUs (1990)
- Growth area: Hard Parts (more profitable area) (C, D, W, part no.s)
- Eliminate Duplications & Slow Moving Accessories
- Trend: Retailers becoming more like jobbers
- Accessories & Chemicals are not selling well in '92. (It's more of a Mass Merchant business in these areas.)
- Hard Parts: only competitor is the local jobber.
- Light Parts (Plugs, Filters, other A-B items): tight margins, very competitive prices
- Tires: Compete against Specialty chains & Tire Manufacturers
- 3 step Distribution (WD → Jobber/Dealer → DIYer) has declined from 83% ('80) to 67% ('90)
- Customer: DIYer & Professional Mechanic
- 1/3 of all walk-in traffic into Auto Palaces may be Professional Mechanics.
- W/Ds: losing their A & B item sales to Retail stores; forced to carry more C, D & W items

AutoSource - Indianapolis, IN

- 3 stores, 18,000 avg. SKUs per store
- U.S. venture of Canadian Tire Corp. (Toronto), w/417 stores and \$3 Billion in sales
- Automotive Superstore concept, paralleling Home Depot in the Home Center channel.
- Each store is approx. 50M sq. feet, with 17M sq. ft. dedicated to service (bays).
- Product selection, line depth & low prices combined with knowledgeable clerks and store installation (service)
- 100 stores plan to be built over the next 7 years (5 new ones scheduled in 1992).

Aftermarket Chains

- Pep Boys on track for its first ever \$1 Billion in sales year (330 store chain).
- Auto Zone on track to surpass \$818 million 1991 sales record year.
- Hi-Lo Sales & Net Income are up.
- New chain, Auto Source (Indpls) owned by Canadian Tire. New store combines Auto Parts, Tires, & Service under one roof. Aiming at 150 stores across the Midwest.