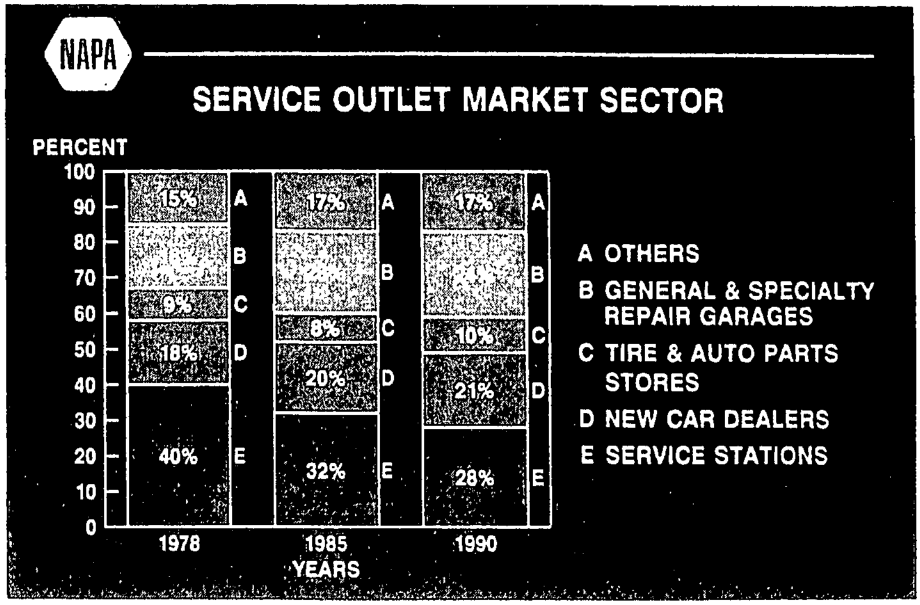
B



ers and general repair shops have tremendous untapped potential if they become committed to consumers and convince them to have their cars serviced at their places of business. By 1990, a slight shift in market sector is forecasted for general and specialty repair stations and new car dealers. (See chart B.)

Which of these outlets employ their staff most efficiently? On the average, each outlet employs 4.1 technicians with 4.6 bays per outlet. New car dealers stand out with 8.9 technicians staffing each of its outlets, which consist of an average of 15.6 bays. Service stations employ the least number of technicians per outlet at 3.3 with 2.5 bays at each station.

The total number of technicians topped one million—1,053,000 in 1986. This reflects an increase of 60,000 since the beginning of the decade. Sixty-three percent of these professional installers are employed in the service station and general repair areas.

With a growing number of technicians, employee training in the 1990s will be an essential expenditure for shop owners. An average investment of $1,500 per year per employee should be allocated to train technicians in keeping up with technology and equipment.

Across the board, the number of vehicles serviced per outlet, in each bay and by a technician has increased. By 1986, 600 vehicles were serviced annually by each outlet or 131 per bay. Technicians serviced an average 148 vehicles per year.

The population growth of three-to-eight-year-old vehicles appears to have bottomed out during the period between 1984 and 1986 and is increasing significantly in the late '80s and early '90s. Average car age seems to have leveled off at 7.6 years.

Service Market Trends

Another measurement of profitability is determined by auto parts sales. After all, half of the revenue generated by a repair shop is in parts. The fastest growing sales of parts are in the areas of drive train, suspension, brakes, electronics and emissions and heating and cooling. Over the next four years, sales declines are projected in carburetors, shocks, spark plugs and engine parts.

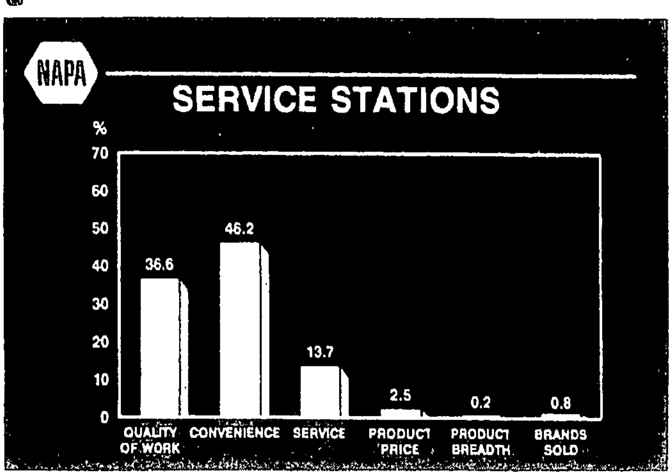
The design and technical changes in parts have had a significant influence on the types of repairs performed and the parts required to complete the job. As a result, a sizable proliferation of part numbers has occurred and we must face that.

The parts proliferation and forecast will impact the way dollars are invested to maintain a sufficient inventory of part numbers. There will be an increase in the inventory required to keep up with today's motorists' needs versus those of a few years ago. The shift has also impacted the NAPA system. In the past seven years, total part numbers have increased by 34% to more than 125,000. That's 30,000 net numbers added to the NAPA inventory. Import part numbers have greatly contributed to the rising total. Import numbers have grown to account for 20% of the total numbers in our system. In five years, the import figure has doubled to more than 22,000 numbers. Accordingly, the dollars invested to keep up with this growth has gone up 140% in seven years.

The time will come when there will be no such identifiers as imports and

(Profits . . . continued on page 14)

C



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