

— 8.2 billion to
\$18.9 billion
1978 to 1984 — \$81,700/outlet to
\$164,500
There are less outlets doing much, much
more business.

• **Independent Garages** (see chart 9)

1973 to 1984 — 108,000 outlets to
150,000
— \$9.9 billion to
\$40.5 billion
1978 to 1984 — \$171,500/outlet to
\$270,000

There are many more outlets doing a
whole lot more business.

• **New Car/Truck Dealer** (see chart 10,
page 12)

1973 to 1984 — 39,000 outlets to
25,000
— \$8.4 billion to \$15.6
billion
1978 to 1984 — \$360,000/outlet to
\$622,500

There are a lot less outlets doing lots
more business.

Truly the future is yours. The market is
tremendous and growing every day.

There are lots of myths in this business.
We all try to talk ourselves into believing
what we want to believe. In NAPA we deal
with all aspects of this great industry and
I can tell you without question or hesitation
that the future is yours — if. Yes, there is
no question about the potentialities, but
there are two big ifs — the consumer and
your competition.

To me the number one, biggest if is the
consumer — not if there are enough of
them or if they will all drive imports and do
their own work. It's not that, but whether
you will be responsive to his needs or not.
To those who respond, success will follow.
To those who don't, they will surely fail.

We all have been guilty of ignoring the
consumer, while others have served his
needs and grabbed segments of the repair
business right out from under our noses.
Yours and mine. That's right, when the tra-
ditional end of this business loses market
share NAPA suffers right along with you,
because we and other traditional distri-
butors built our system and service for your
needs, not for the needs of the specialty
shop or the mass merchandiser. We have
adjusted our system to serve these markets
and have done it well, but we don't and
can't get all or even most of their business.

The consumer today is smarter, better
informed, more conscious of his own wants
and needs, more quality conscious, and
spoiled! Yes, spoiled! We have become so
scientific in all business and have learned
so much about consumer market segmen-
tation that in all areas from underwear, to
bathroom tissue, to food, to watches —
there are hundreds of examples of seg-
menting a group and zeroing in on that
market niche with a product and an ad
campaign. And the consumer has been
spoiled. He expects to get just what he
wants when he wants it.

Look at the fast food business. Just a few

Chart 7

Where Automobile Parts Are Purchased Store Types and Percentage of Product Sales

Undercar	Annual Purchase Rate	Traditional Auto Parts/ Home & Auto	Mass Merchandisers	Service Outlets			Specialty Service
				Gas Stations	Repair Garage	Sub Total	
Regular Shocks	6%	17%	37%	7%	11%	18%	19%
Struts	1%	13%	19%	7%	25%	32%	25%
Tires	33%	3%	17%	12%	4%	16%	55%
Alignment	27%	2%	10%	14%	28%	42%	36%
Brake Lining	11%	28%	6%	13%	25%	38%	14%
Muffler	12%	16%	13%	10%	12%	22%	41%
Catalytic Converter	1%	0%	4%	11%	46%	56%	21%

Chart 8

Service Stations by Annual Repair and Service Dollar Volume

Annual Repair and Service Volume	% of Stations		Number of Stations	
	1981	1984	1981	1984
Under \$20,000	10.0%	7.2%	12,000	8,280
\$20,000 - \$39,999	15.7%	9.4%	18,840	10,810
\$40,000 - \$59,999	12.4%	10.3%	14,880	11,845
\$60,000 - \$99,999	22.7%	16.9%	27,240	19,435
\$100,000 - \$149,999	17.5%	17.4%	21,000	20,010
\$150,000 and Over	21.7%	38.8%	26,040	44,620
	100.0%	100.0%	120,000	115,000

Chart 9

Independent Repair Shops by Annual Dollar Volume

Annual Repair and Service Volume	% of Shops		Number of Shops	
	1981	1984	1981	1984
Under \$60,000	22.3%	15.5%	30,328	23,250
\$60,000 - \$99,999	16.7%	11.1%	22,712	16,650
\$100,000 - \$149,999	18.4%	18.9%	25,024	28,350
\$150,000 - \$249,999	16.3%	20.7%	22,168	31,050
\$250,000 and Over	26.3%	33.8%	35,768	50,700
	100.0%	100.0%	136,000	150,000

years ago Ray Kroc discovered that if you
have a clean facility, give good service and
a quality product at a good price and keep
your menu simple, you can be a success.
McDonald's still has the greatest share of
that market but look at all the competition
— each with their own little angle, ploy or
specialty to attract a certain segment of the
market — and it works.

So why don't you spoil your customer?

My point is — decide what you're going
to be and be the best you can. You can't
be all things to all people, but you can be
sensitive to your customers needs. I can
guarantee your success if you have a good,
clean and well-organized shop, have com-
petent, well-trained and highly motivated
employees, have the right equipment,
you're conveniently located, treat the

(Continued on next page)