AFTERMARKET BUSINESS WORLD™

APRIL 2013

TOP 40 AUTO CHAIN REPORT

# RESPONDING TO EMERGENCIES

AFTERMARKET OFFERS SUPPORT FOR FIRST RESPONDER TRAINING



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# THE AFTERMARKET IN COLOMBIA

PHOTO COURTESY: ISTOCKPHOTO

**ANDY ADAMS** | Contributor

It seems that on a weekly basis, another area of the world erupts into chaos, violence and the inevitable disruptions in normal trade and commerce. Much more slowly and sometimes only with a great deal of outside help, another country gradually resolves its problems and once more takes its place in the worldwide trading community. The Latin American country of Colombia falls into this latter category. Think of Colombia and chances are most of your thoughts will be negative. If you don't think of armed FARC rebels, then you'll probably think of the illegal trade in drugs or kidnappings. If you have any positive thoughts, they are probably about coffee. The last thing that comes to mind is the aftermarket.

There's no doubt that Colombia has had and continues to have its share of domestic problems. For nearly five decades, FARC, The Revolutionary Armed Forces of Colombia, a Marxist-Leninist inspired peasant army, has engaged in an armed struggle to overthrow the government of Colombia. Designated as a terrorist

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## COLOMBIA AT A GLANCE

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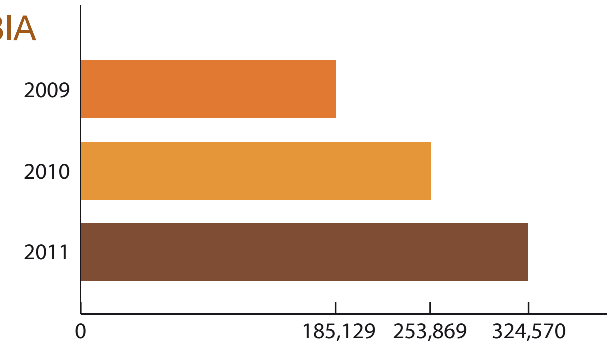
### VEHICLE DEMAND IN COLOMBIA

- 2009 (185,129)
- 2010 (253,869)
- 2011 (324,570)




SOURCE: U.S. Department of Commerce

organization by the U.S. government, it is financed primarily by drug trafficking and kidnappings.

But there is light on the horizon — in 2012, the rebel group promised to stop kidnapping altogether, although it did not renounce the use of violence. In recent times, the illegal trade in drugs has also suffered serious setbacks. Since the 1970s, Colombia has been home to some of the world's most sophisticated and violent drug trafficking organizations. The two major players in this incredibly profitable business were the Cali and Medellin cartels. With a great deal of U.S. military and monetary aid, both of these cartels were destroyed, causing the cocaine business to fragment. Despite this fragmentation, it still remains very active and highly profitable, with more than 300 active drug smuggling organizations. The United States remains the largest market for illegal trade in cocaine, with some 160 tons being smuggled in per year.

Despite its problems, Colombia has the third largest economy in Central and South America, based primarily on the export of oil, coal, coffee, flowers and emeralds. The U.S. remains the largest trading partner with Colombia and is the main source of imports for vehicles and auto parts, but Russia and China are close runners up. The largest markets for Colombian automotive exports are the fellow Latin American coun-

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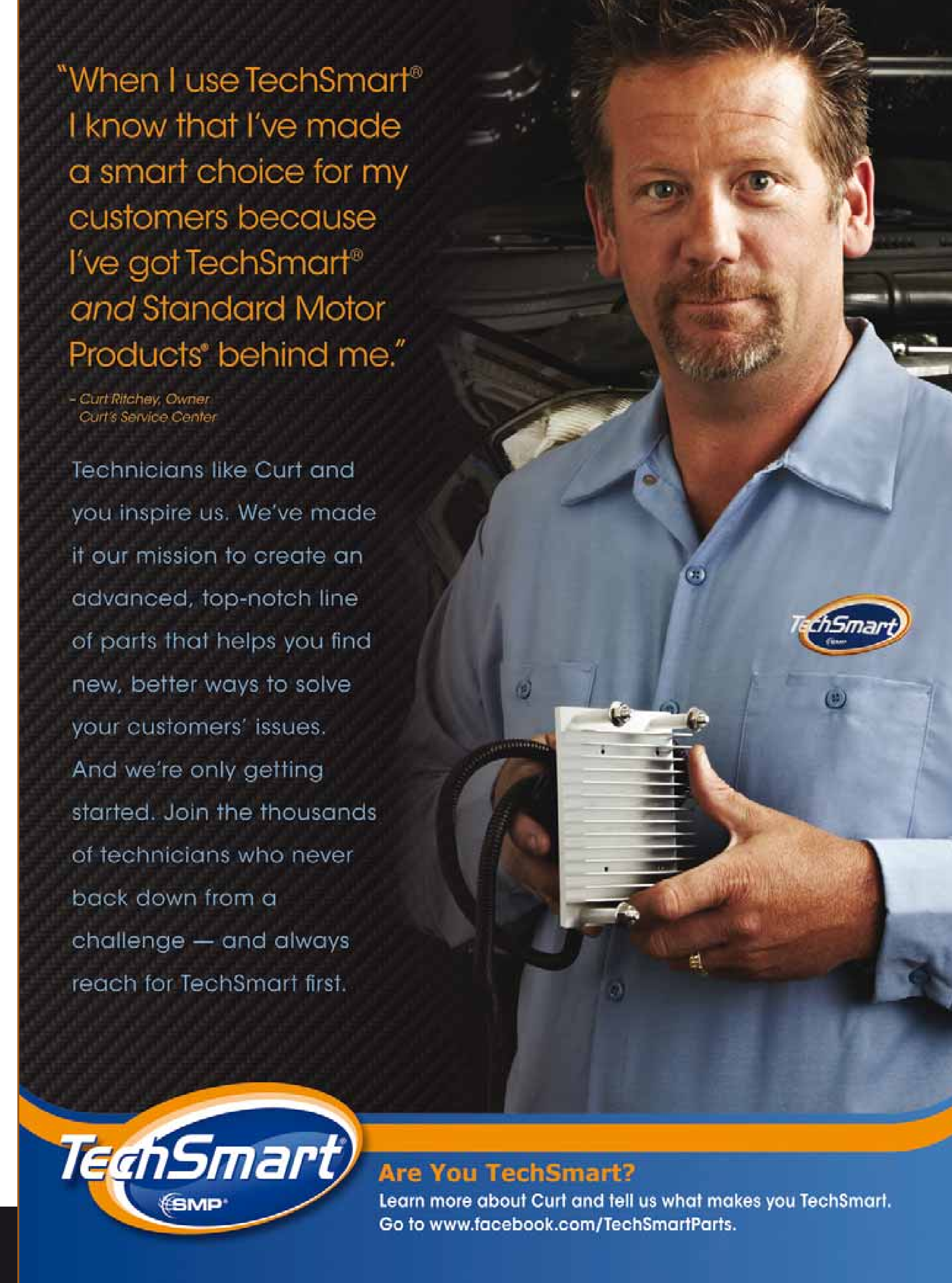

> Since May 12, U.S. auto part exports to Colombia are no longer subject to tariffs.

tries of Venezuela and Ecuador. In May 2012, the U.S. – Colombia free trade agreement came into effect. Until this agreement, automobiles and auto parts faced an average tariff of around 17 percent, but it could be as high as 35 percent.

Under the agreement, 80 percent of U.S. industrial and consumer goods exports to Colombia — including auto parts — are no longer subject to tariffs. Tariffs on the remaining 20 percent will be gradually phased out over the next 10 years. The agreement brought about the immediate phasing out of tariffs on priority automotive products, such as large-engine 4x4 vehicles, engines, brakes and shock absorbers, among others. This agreement also guarantees protection for U.S. copyright, patents and trademarks, which are registered in Colombia. Government procurement bids have also been opened up to U.S. bidders. As a result of this agreement, one of the best prospects for future growth in U.S. trade with Colombia is the supply of automotive parts.

At the present time, Colombia ranks as the third largest automobile manufacturer in Latin America with the three major producers being General Motors, Renault and Mazda. Of these three, General Motors sold the largest amount of vehicles in 2010. In total, there are some 43 brands of vehicles being offered for sale in Colombia, covering a range of more than 250 models.

In common with various other progressive underdeveloped countries, Colombia bears all the hallmarks of being a holy grail for aftermarket sales and services: a growing economy, a population whose disposable income is increasing yearly, an as-yet low proportion of vehicle ownership, a good trading relationship with the U.S., and outside of the major towns, relatively poor road conditions all combine to offer untapped sales for the automotive aftermarket.

With a population of 45 million, the third largest in Latin America, but an average of only one vehicle ...CONTINUE READING

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# Colombia's vehicle fleet on the road to growth opportunities

**BY JAMES E. GUYETTE**
News Correspondent

Sales of new vehicles in Colombia are expected to double by 2020 as the nation's economy heats up and the population gains more personal purchasing power. Presumably this trend will also be reflected in increased demand for clean used cars – plus the related do-it-yourself and do-it-for-me aftermarket services needed to keep them on the road.

TRENDS & MARKET Analysis

Improving and expanding the developing nation's transportation infrastructure have become key priorities as traffic congestion and air pollution are major issues. The Universidad Nacional de Colombia – the National University of Colombia – continues to spearhead an aggressive research push into groundbreaking automotive technological innovations.

Following a slowdown in sales in 2012, some 315,000 vehicles will be sold this year, advancing to 325,000 in 2014, according to a forecast by Spain's BBVA bank, which recently issued a voluminous report on Colombia's automotive marketplace.

"Over the coming years growth of vehicle imports may continue to increase, especially in

## Vendor Newsmaker Q&A

**RICK PHILLIPS**
Commercial Sales Director, Yokohama Tire Corp

Q How would you sum up 2012 for the commercial tire industry? Was there anything that surprised you?

A What did Phillips say? Continue reading online.

Read full interview

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> A 7.9-percent annual automotive growth rate should boost the country's fleet by 3.5 million.

the high-value sector," notes BBVA's chief economist for Colombia, Juana Téllez, the report's lead author. "This will result from progressive introduction of tariff exemptions following the signing of commercial agreements impacting on the reduction of motor vehicle prices."

A 7.9 percent annual automotive growth rate is expected to boost the country's fleet by 3.5 million vehicles through 2020. In the global context of emerging economies, Colombia's anticipated pace of automotive expansion is exceeded only by China, India, Mongolia, Peru, Namibia, Vietnam, Tanzania and Sri Lanka, she says.

The average price of a vehicle rose by 1 percent last year, staying below the inflation rate of 2.4 percent, resulting in heightened household buying power. In 2010 a person would have needed 3.2 years of salary to buy an economy vehicle; the figure fell to 2.6 years by the end of 2012. "This, along with a cut in tax on fuel prices, has enabled middle-to-lower income households to purchase a car," says Téllez. Free Trade Agreements with the U.S., Europe and Korea, which is one of the largest exporters of cars to Colombia, should aid in keeping prices down along with driving reductions in the cost of importing parts.

"Low vehicle ownership rates and sales as a percentage of inhabitants, and the sustained increase in the buying power of both private citizens and companies, indicate the sector's potential," she explains. "This positive outlook is based on interest rates remaining low over the coming years, with monetary neutrality being achieved through a lower rate. A further boost should be provided by sustained economic recovery from 2014, eventually reaching the economy's potential growth rate, which would then be above 5 percent."

Téllez further points out that "this positive outlook for demand will impact on the productive sector, with an increase in the scale of assembly over coming years. However, automotive industry companies need to achieve significant productivity improvements in order to position themselves in the region."

A pattern of positive economic development among Colombia's medium-sized cities is bringing greater automotive demand. The larger metropolises of Bogotá, (46 percent), Medellín (13.1 percent) and Cali (9.4 percent) have been...CONTINUE READING

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> The program trains first responders to properly aid seniors, children and people with disabilities.

# Aftermarket businesses offer support for first responder training

BY JAMES E. GUYETTE
News Correspondent

Industry vendors, distributors, retailers, installers and collision repairers are being encouraged to assist with hosting or sponsoring a series of training sessions called Rescue 4 Disabled. The program provides first responders and other emergency personnel with the skills necessary to recognize and properly aid senior citizens, children and people with disabilities during dire circumstances.

TRENDS & MARKET Analysis

Presented by the non-profit Scene Of The Accident Inc., the organization aspires to conduct at least 411 localized classes; the figure matches the tragic toll of first responders who lost their lives at the World Trade Center on 9/11.

"We'll be hitting the lower 48 states in the next year-and-a-half," says Executive Director Todd Hoffman. More than a dozen sessions have been held thus far with high attendance and positive results, he reports.

"The more I do this program, the more I find out how serious this problem is," notes Hoffman, who has previously been the recipient of the prestigious Automotive Body Repair News Leadership Award and the I-CAR Chairman's Award for being the aftermarket's safety conscience.

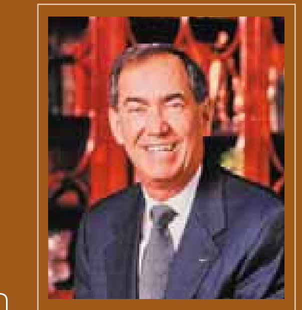
The service encompassed by Rescue 4 Disabled is a much-needed endeavor that has largely been neglected up until now. "Over 10 percent of the U.S. population has a permanent disability – that's a lot of people," Hoffman points out, adding that the numbers are expected to grow with an aging baby boomer population and a governmental push to better accommodate handicapped drivers behind the wheel. Automakers and specialty mobility adaptors have also been busy developing advanced in-cabin systems to make motoring controls more accessible.

Police officers and firefighters frequently fail to initially grasp the special needs of vehicle occupants that must be addressed when responding to an emergency, according to Hoffman.

Rescue 4 Disabled aims to eliminate these confusing situations by raising awareness and recognition along with teaching specialized rescue techniques covering the elderly, children and those who are autistic, deaf, blind or otherwise impaired. The program additionally includes working with people who have a limited grasp of English and even inmates secured in prison vans.

Hoffman recounts a number of reported incidents involving unfortunate misunderstandings as people with physical or mental issues are often mistaken for being drunk or on drugs – and treated as criminals rather than victims. A blind person's eyes can be glazed and unresponsive, a deaf person or limited-English speaker won't properly respond to commands, an artificial limb won't yield a pulse. A handicapped individual may stumble and fall,...CONTINUE READING

## Vendor Newsmaker Q&A



ROBERT DARBELNET
president and CEO of the American Automobile Association

Q What is CarFit for the older driver and in what ways Can CarFit Improve Road Safety? How is a CarFit check completed?

A What did Darbelnet say? Continue reading online.

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> Distribution centers are losing an average of nearly $390,000 per year due to mispicks.

# High cost of inefficient warehouses

Mispicks, poor processes waste hours and dollars in most distribution centers.

**BRIAN ALBRIGHT**
Contributor

Outmoded processes and paper-based picking and inventory management systems in the warehouse may be costing you more than you ever suspected. Mispicks in the distribution center cost companies as much as $390,000 per year, and inefficient processes may be wasting upwards of 3,000 labor hours annually. Those are the results of a survey from mobile computer, bar code hardware, and warehouse management technology vendor Intermec.

TRENDS & MARKET Analysis

Intermec surveyed 250 supply chain and distribution managers in the United States, United Kingdom, France and Germany. Research firm Vanson Bourne carried out the research in October 2012, surveying companies with more than 500 employees across a variety of vertical industries, including retail, chemicals, logistics, manufacturing, transport and pharmaceuticals.

According to the study, distribution centers are losing an average of nearly $390,000 per year because of mispicks. The average mispick costs approximately $22, with more than half of companies reporting a pick rate of less than 97 percent. Another 19 percent  of respondents didn't measure the costs of mispicks at all, so the losses could be even higher than reported.

Those costs are generated by the rework that it takes to pick the correct item, processing paperwork, and handling returned goods. "That adds up quite quickly, and shows us that an investment in the right technology, as well as process improvements, can provide a quick ROI," says Bruce Stubbs, Intermec industry marketing director for distribution center operations.

Inefficient processes generate even more costs. According to the survey, managers stated that over an eight-hour shift, each worker loses an average of 15 minutes of productivity because of inefficiencies. For small- and medium-sized warehouses with 50 workers, that could mean up to 3,000 man hours per year.

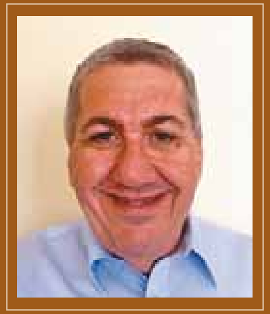
These managers are under increasing pressure to control costs, with nearly eight out of 10 of them being asked to find cost savings of 19 percent, on average, from existing operations. More than half (59 percent) of respondents are rolling out "Perfect Order" metrics to identify areas for improvement, with demand for improved efficiency and lower costs.

However, one in three managers reported not having conducted a review of workflow processes in the past year.

"That was one of the biggest surprises," says Stubbs. "Most of these managers have been tasked with making process improvements, and they are quite significant. They are looking for a 20 percent improvement or more, but only a small number of those have actually done any kind of process improvement review in the past **...CONTINUE READING**

## Technology Newsmaker Q&A

**JOE ZUCCHERO**
CEO and Co-Founder, inTelligentparts



**Q** What do you see as the biggest technology challenge the aftermarket faces?

**A** What did Zucchero have to say? Continue reading.

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# Right to Repair rolls out in Massachusetts

> OEMS are waiting to see how the conflicting language in the two laws will be integrated.

**BRIAN ALBRIGHT**
Contributor

Right to Repair legislation passed in Massachusetts last year. In fact, it passed twice, which is why there are still some significant questions about how and when OEMs will need to comply with requirements to make diagnostic and repair information available to independent repair shops.

TRENDS & MARKET Analysis

The Massachusetts Right to Repair Coalition had been working for passage for several years, and in 2012 found success on two fronts. First, they introduced a broadly worded ballot measure that not only received wide support, but also passed by a significant margin in the November election. In the run up to the election, the Massachusetts legislature also passed what was referred to as a compromise version of the Right to Repair bill that received the grudging support of the Massachusetts State Automobile Dealers Association (MSADA) because it fixed what OEMs and dealers found to be the most challenging parts of the ballot measure.

The version passed by the legislature restricted the types of vehicles covered to automobiles and light duty trucks, eliminated some of the penalties that would have prevented dealers from selling vehicles that were out of compliance, and reaffirmed dealer's rights to warranty and recall work.

While this has been good news for Right to Repair supporters, it has left OEMs waiting to see how the conflicting language in the two laws will be integrated. Right now, legislation has been introduced to reconcile the two measures, hewing heavily toward the version passed by the legislature. It's expected that something will likely pass early this year, clearing up any confusion.

"The war is over in Massachusetts," says Art Kinsman of the Massachusetts Right to Repair Coalition. "We're going to be working with legislators and automakers closely, and we expect the reconciliation process will not be difficult."

There are a few key differences between the two bills. Because it failed to narrow its definition of a motor vehicle, the ballot measure covered all classes of vehicles, including some farm equipment and construction equipment that traditionally would not have the capability to allow diagnostics access via the protocol called for in the ballot measure. "It applies to a host of vehicles that don't use some of the protocol that was defined in J2534," says Dan Gage, spokesperson for the Alliance of Automobile Manufacturers. "That's a big problem for a lot of different industries."

The ballot measure also required use of SAE J2534 exclusively, with no provision for the introduction of new technology. "The compromise measure allows for a path to compliance for future innovation," Gage says. ...CONTINUE READING

Dealer Newsmaker
Q&A

**JASON LANE**
Technical Service Manager, Freedom Ford

**Q** How important is the ability to schedule appointments for a quick lane operation?

**A** What did Lane have to say? Continue reading.

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# Curse of the weather WOLF

> If you name something, that something takes on an omnipresent life of its own.

Goodbye winter weather. I will not miss you. I was seriously thinking for next year, we should just close for January and February instead of enduring the misery that these two months hold. Call it a "self sequester" if you will. Reminiscent of the little ice cream stands that used to close for the winter months. There is something about foul winter weather that abates the craving for a banana split, and surprisingly enough, equally reduces the urge to have a new set of ceramic brake pads installed. Arguably, this past January and February were the worst doldrums of winter we have ever endured in almost 20 years of business.

The interesting thing about this time of year seems to be that we all find a sadomasochistic solace when we find out that everyone is just as slow as we are. Misery loves company, and other jobbers and service centers call me to commiserate. Good grief, we debase ourselves to the point of a leper colony comparing new lesions and which toes and fingers have recently fallen off. The 'Joy Luck Club' it ain't.

So, what's to blame? The economy? The President? The House and the Senate? Taxes? Insurance companies? Competition? Well, yes to all of the above, but there is another element.

Let's face it, the economy has always been bouncing around like a ping pong ball, our Presidents throughout history have influenced our business by pushing wacky legislation, our Congressmen and Senators are a bunch of wimpy cry-babies who can't get along, taxes will never cease, insurance companies are a necessary evil, and we've always had competition.

What's the one compelling thing that has affected the psyche of our clientele more than all of the above? It's a subtle, yet quirky new practice of the Weather Channel and national weather service naming every dark cloud in the sky. Naming hurricanes makes sense because they are catastrophic events that are usually recorded historically, and the name of the storm provides a dated reference point associated with the name. Sort of like naming your children on the day they were born.

Personally, I have a hard enough time remembering the birthdays of my named children, and just think, if you referred to your kids as this one, that one, him, her, and the other one, not only would they never get a birthday present, their significance in your life is reduced to a third-person pronoun. If you name something, that something takes on an omnipresent life of it's own.

As a result of this insanity, my customers will put-off getting their oil changed because Winter Snow Squall Edgar just laid down a half-inch of snow in Nashville, Tenn. They would rather stay home watching the news guys predict how many car crashes will occur in Nashville during rush hour because the City of Nashville only has two plow trucks, three snow shovels, and a 40-pound bag of salt that has hardened into a cake because it's 4 years old.

At this rate, look for weather events with names such as this: "Heavy Dew Norman," "Light

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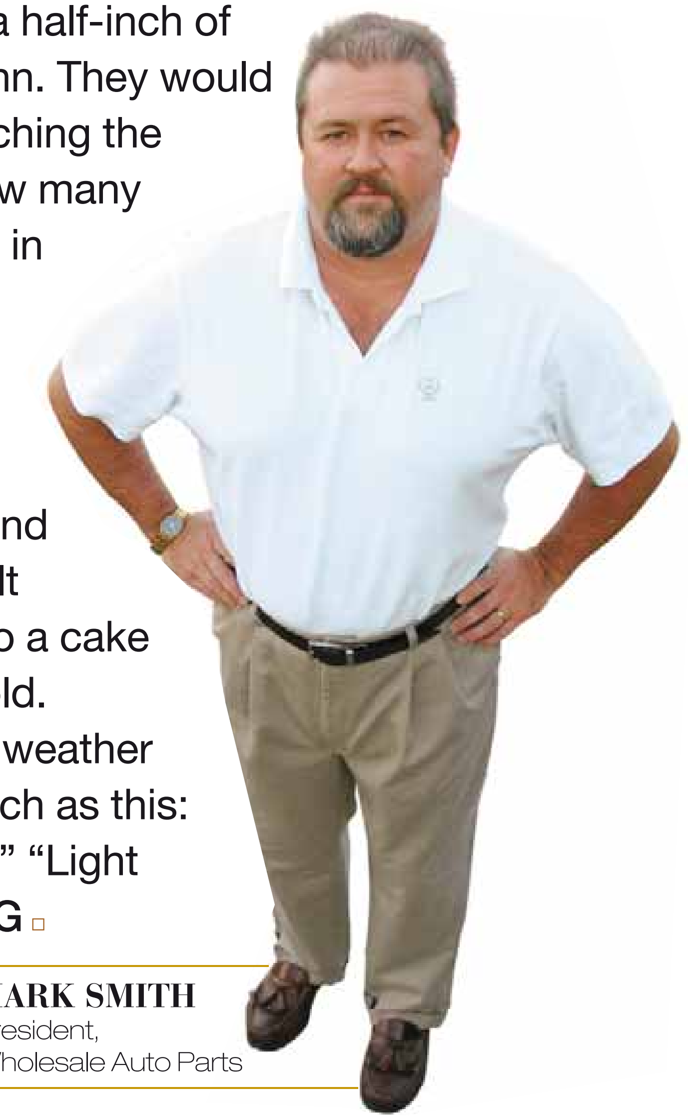

MARK SMITH
President,
Wholesale Auto Parts

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# NHTSA eyes EDR **REQUIREMENTS**

"An EDR is not a piece of equipment, but functionality inside the air bag control module."

Aftermarket players are concerned about any precedents set for access to telematic information from autos stemming from the proposal on event data recorders (EDRs) from the Department of Transportation. The DOT's National Highway Traffic Safety Administration (NHTSA) seems to be leaning toward publishing a new Federal Motor Vehicle Safety Standard (FMVSS) requiring EDRs in all autos. Audi, BMW, Mercedes, Saab, Porsche, Subaru, Volkswagen do not put EDRs in their models, and they are not required to do so.

The NHTSA published a regulation in 2006 that laid out the crash data EDRs must capture when they are voluntarily installed, as General Motors, Ford, Nissan, Toyota and others have done. As a result, nearly 92 percent of the cars on the road in the United States have EDRs. The remaining 8 percent are high-priced, well-equipped models with advanced safety features such as collision avoidance, which could be supplying the NHTSA with important data it could use to determine whether it ought to mandate some of those features.

An EDR is not a physical piece of equipment, but rather "functionality" inside the air bag control module that is triggered based on the severity of a crash. There has been some confusion in the aftermarket that an EDR holds data that is needed to diagnose mechanical problems in a car. That is not the case, says Rusty Haight, director of the Collision Safety Institute, which helped develop the Bosch Crash Data Retrieval (CDR) Tool and provides technical assistance and education to investigators, emergency responders and OEMs on extricating EDR data after a crash.

Privacy advocates, representing the views of many consumers, want the NHTSA to first decide who "owns" EDR data and then incorporate strict security restrictions on who can use the EDR data, before establishing an FMVSS. They are concerned about not only "personally identifiable" data being collected by EDRs falling into "the wrong hands," but also any future, expanded data that the NHTSA might require.

However, the NHTSA says it has no authority to address the issue of who owns the data from EDRs.

That is what worries Aaron Lowe, vice president, Government Affairs, Automotive Aftermarket Industry Association (AAIA). Currently, some autos provide data on maintenance requirements via wireless connections directly to the dealer, who can then contact owners. The extent to which the OEMs "own" that data, and can send it to the dealer who sold the car, is unclear. The concern in the aftermarket is that the dealers will have exclusive repair and maintenance information that they can share with owners of cars purchased at their dealership. In fact, theoretically, the dealer might not even have to make the exact information available to the owner of the car. Again, that, too, is up for grabs.

"The marketing opportunities there for the...CONTINUE READING

STEPHEN BARLAS
Washington Correspondent

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# CONSOLIDATION CONTINUES AMONG DISTRIBUTION HEAVYWEIGHTS

## BWP, VIP KEY ACQUISITION TARGETS IN 2012

BY **BRUCE ADAMS** | MANAGING EDITOR

Most of the larger auto parts distributors enjoyed steady growth in 2012 from 2011, according to the *Aftermarket Business World* Top 40 Auto Chain Report, which is based on store counts. The most notable change among our Top 10 involved the acquisition of BWP Distributors Inc. (ranked 10th last year) and its 124 stores by Advance Auto Parts. The move pushed Advance's store count to nearly 3,800 locations and helped the Roanoke, Va., -based company hold its No. 3 spot on our list.

Another acquisition worth noting was the purchase late last year of VIP Parts Tires & Service. VIP was No. 15 in the 2011 report with 57 stores and it was acquired in December by O'Reilly Automotive Inc., which boosted its overall store count from 3,740 to 4,000.

Strauss Auto, which was No. 17 with 53 stores in 2011, dropped from the 2012 list after filing for bankruptcy protection for the fourth time and closing its remaining 46 stores in June 2012.

### 1 AUTOZONE INC.

123 South Front Street
Memphis, TN 38103
Phone: (901) 495-6500
www.AutoZone.com

**CEO/President:** Bill Rhodes
**Program Group Affiliation:** None
**Stores:** 4,685

**Employees:** 70,000+
**Retail:** NA
**Commercial:** NA
**Sales:** $8.6 billion (2012)

AutoZone increased its annual sales in 2012 to $8.6 billion from $8.1 billion in 2011, according to the company's 10-K report. AutoZone has 4,685 stores in the United States and Puerto Rico and another 321 in Mexico. From 2007 to 2012, the company has increased its average store count 5 percent per year. During fiscal 2012, failure and maintenance related categories represented the largest portion of AutoZone's sales mix, at approximately 83 percent of total sales, with failure related categories continuing to be its strongest performers.

### 2 O'REILLY AUTOMOTIVE INC.

233 South Patterson Ave.
Springfield, MO 65802
Phone: (417) 862-6708
www.oreillyauto.com

**CEO/President:** Greg Henslee
**Program Group Affiliation:** None
**Stores:** 4,000

**Employees:** 53,063
**Retail:** 59
**Commercial:** 41
**Sales:** $6.182 billion (2012)
$6.65 billion (2013 estimate)

O'Reilly Automotive Inc. acquired the parts store assets of VIP Parts, Tires and Service on Dec. 31, 2012. The company opened 180 net new stores in 2012. O'Reilly Automotive also announced plans for a new distribution center in Florida and increased weekend deliveries to stores. O'Reilly attributes its increased sales to high levels of customer service, superior inventory availability, a broader selection of products offered in most stores, a targeted promotional and advertising effort through a variety of media and localized promotional events.

### 3 ADVANCE AUTO PARTS

5008 Airport Road
Roanoke, VA 24012
Phone: (540) 362-4911
www.advanceautoparts.com

**CEO/President:** Darren R. Jackson
**Program Group Affiliation:** None
**Stores:** 3,794
**Employees:** 55,000

**Retail:** 61.9%
**Commercial:** 38.1%
**Sales:** $6.2 billion (2012)

Acquired BWP Distributors Inc. on Dec. 31, 2012. Advance will operate 124 BWP company-owned stores. The combination of the two businesses will position the company for accelerated growth in the Northeast. Launched its first in-house commercial credit program and opened a new distribution center in Indiana in 2012.

### 4 GENERAL PARTS INTERNATIONAL INC.

2635 E. Millbrook Road
Raleigh, N.C. 27604
Phone: (919) 573-3000
www.CARQUEST.com

**CEO/President:** Temple Sloan III
**Program Group Affiliation:** CARQUEST
**Stores:** 3,000 (2011)

**Employees:** NA
**Retail:** 15% (2011)
**Commercial:** 85% (2011)
**Sales:** NA

In August 2012, General Parts International dismissed as "distracting for team members" reports that it had engaged Wells Fargo to handle the sale of CARQUEST Corporation to a private equity firm. Media reports speculated the deal, if it had occurred, could have been worth as much as $2 billion.

### 5 GENUINE PARTS COMPANY

299 Circle 75 Parkway
Atlanta, GA 30339
Phone: (770) 953-1700
www.genpt.com

**CEO:** Thomas C. Gallagher
**Program Group Affiliation:** NAPA
**Stores:** 1,100

**Employees:** 31,900
**Retail:** 30%
**Commercial:** 70%
**Sales:** $6.3 billion (2012)*
*automotive group only

Genuine Parts Company acquired Quaker City Motor Parts in 2012. The company's board of directors elected Paul D. Donahue to the position of president in January 2012, making him only the seventh president of the company in its 84-year history. Donahue was previously executive vice president of Genuine Parts Company.

### 6 THE PEP BOYS

3111 West Allegheny Ave.
Philadelphia, PA 19132
Phone: (215) 430-9000
www.pepboys.com

**CEO/President:** Michael Odell
**Program Group Affiliation:** None
**Stores:** 700+

**Employees:** 65,000+
**Retail:** 100%
**Commercial:** 0
**Sales:** $2.1 billion (2011)
2012 figures not available

In 2013 the company announced a redesign at its Tampa, Fla., retail store. In May 2012 The Pep Boys agreed to terminate the proposed merger with The Gores Group announced on Jan. 30, 2012. The Gores Group agreed to pay Pep Boys a fee of $50 million and to reimburse Pep Boys for certain merger-related expenses.

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## 7 UNI-SELECT USA INC.

20 Hazelwood Dr. Suite 100
Amherst, NY 14228
Phone: (716) 531-9200
www.uniselect.com
**CEO:**
Richard G. Roy

**Program Group Affiliation:** None
**Stores:** 450
**Employees:** 6,100
**Retail:** 10%

**Commercial:** 90%
**Sales:** 1,821.2 million (2012)

Uni-Select acquired five stores in the United States in 2012. The company also implemented a distribution network consolidation plan. To date, 24 stores and one warehouse have been closed and five warehouses have been converted to hub warehouses. Uni-Select also pursued the deployment of the operational module of its enterprise resource planning system.

## 8 FISHER AUTO PARTS

512 Greenville Avenue
Staunton, VA 24402
Phone: (540) 885-8901
www.Fisherautoparts.com
**CEO:**
Bo Fisher

**Program Group Affiliation:** Federated
**Stores:** 400+
**Employees:** 3,400
**Retail:** NA

**Commercial:** NA
**Sales:** NA

In 2012, Fisher Auto Parts added 26 new locations, relocated 11, opened a 340,000-sq.-ft distribution center, remodeled corporate offices, constantly improved in most areas while cutting bank debt in half and setting new records in sales and profits. Mergers and acquisitions in 2012 include Brownlee (two locations in December 2012) and Ridge & Kramer (13 locations in April 2012.)

## 9 REPLACEMENT PARTS INC.

1901 East Roosevelt Road
Little Rock, AR 72206
Phone: (501) 375-1215
www.BTBAutoParts.com
**CEO/President:**
Fletcher Lord Jr.

**Program Group Affiliation:** The Alliance
**Stores:** 155
**Employees:** 1,150+
**Retail:** 25%

**Commercial:** 75%
**Sales:** $217 million (2012)

Replacement Parts Inc. is constantly moving stores to deal with inventory growth. The company's Inventory Optimization Tool has become an important part of its business efforts, and they are getting better and better at it. The tool has helped reveal items that they had been carrying in inventory that they had little chance of selling in a specific market. The company also improved many of its information technology efforts at planning and strategic focusing by customer and by product.

## 10 Hahn Automotive Warehouse

415 W. Main St.
Rochester, NY 14608
Phone: (585) 235-1595
www.hahnauto.com

**Co-CEO/President:**
Eli N. Futerman,
Daniel J. Chessin
**Program Group Affiliation:**
Alliance - Auto Value

**Stores:** 93
**Employees:** 1,200
**Retail:** 20%
**Commercial:** 80%
**Sales:** $215 million (2012)

In 2012, Hahn Automotive Warehouse added the Norwood Auto Parts group of New Jersey. The company also focused on inventory specific to the market and offering excellent service and marketing plans throughout its customer channels.

| | COMPANY | STORES | WHOLESALE/ RETAIL % | 2012 SALES | CEO/PRESIDENT | LOCATION | PHONE | PROGRAM |
|---|---|---|---|---|---|---|---|---|
| 11 | Automotive Parts Headquarters Inc. | 80 | 70/30 | $90 million | John Bartlett Jr. | Saint Cloud, MN | (320) 252-5411 | The Alliance |
| 12 | KOI Auto Parts | 72 | 70/30 | Not available | David P. Wesselman | Cincinnati, OH | (513) 357-2400 | None |
| 13 | XL Parts | 66 | 95/5 | $179 million | Ali Attayi | Houston, TX | (713) 983-1100 | Pronto |
| 14 | Arnold Motor Supply | 56 | 65/35 | Not available | Dennis Spooner | Spencer, IA | (712) 262-1141 | The Alliance |
| 15 | Brooks Auto Parts Inc. | 47 | 70/30 | Not available | (Don) Elton D. Brooks Jr. | Douglas, GA | (912) 384-7818 | NAPA |
| 16 | SAE Warehouse (Sturdevant's AP) | 47 | 55/45 | $53.8 million | Tim Sturdevant | Sioux Falls, SD | (605) 362-6970 | Pronto |
| 17 | Auto Tire & Parts | 46 | 70/30 | Not available | John Tlapek | Cape Girardeau, MO | (573) 334-9131 | NAPA |
| 18 | Bond Auto Parts, Inc. | 44 | 72/28 | $66 million | Scott Bond | Barre, VT | (802) 479-0571 | The Alliance |
| 19 | Baxter Auto Parts | 41 | 50/50 | $90 million+ | Lyle Moore Sr. | Portland, OR | (503) 417-5302 | The Alliance |
| 20 | Arnold Oil Company of Austin LP | 39 | 90/10 | $100 million+ | Jim Arnold | Austin, TX | (512) 476-2401 | Federated |
| 21 | Automotive Supply Associates Inc | 38 | 75/25 | Not available | George Segal | Concord, NH | (603) 225-4000 | The Network |
| 22 | The Parts House | 35 | 98/2 | $100 million+ | David Honig | Jacksonville, FL | (904) 731-3034 | The Network |
| 23 | Bennett Auto Supply | 32 | 65/35 | $71 million | Harold Bennett | Pompano Beach, FL | (954) 335-8730 | The Alliance |
| 24 | A.C.I. Parts Warehousing, Inc. | 27 | 65/35 | $38 million | Kevin Van Koevering | Wyoming, MI | (616) 247-7771 | The Network |
| 25 | ABC Auto Parts | 26 | 70/30 | $60.6 million | Larry Pyle | Longview, TX | (903) 232-3060 | The Alliance |
| 26 | Hedahls Auto Plus | 26 | 75/25 | $36.5 million | Dick Hedahl | Bismarck, ND | (701) 221-4210 | Uni-Select |
| 27 | Knecht's Auto Parts | 25 | 0/100 | Not available | Kevin Sabbato | Springfield, OR | (541) 746-4532 | Pronto |
| 28 | Walker Auto Parts | 25 | 80/20 | $25 million | Dan Walker | Raleigh, NC | (919) 833-8955 | NAPA |
| 29 | Car Parts Warehouse | 21 | 75/25 | $55 million | Tony Di Fiore | Brook Park, OH | (216) 676-5100 | The Network |
| 30 | Jobbers Automotive Warehouse | 21 | 70/30 | $32.5 million | John Winter | Wichita, KS | (316) 267-4393 | The Alliance |
| 31 | Allied Auto Parts Company | 20 | 75/25 | $20 million | Michael J. Borr | Brockton, MA | (508) 588-8500 | The Alliance |
| 32 | Distributors Warehouse Inc. | 20 | 70/30 | Not available | Stephen Korte | Paducah, KY | (270) 442-8201 | The Alliance |
| 33 | National Auto Stores | 20 | 50/50 | Not available | David Stein | Pennsburg, PA | (215) 679-2300 | Pronto |
| 34 | Smyth Automotive Parts Plus | 20 | 70/30 | $38 million | Jim Smyth | Cincinnati, OH | (513) 528-0061 | The Network |
| 35 | Barron Service Parts | 19 | 70/30 | $40 million | Fred Barron | Odessa, TX | (432) 332-7120 | NAPA |
| 36 | McKay Auto Parts | 18 | 70/30 | $20 million | Earl Flack | Litchfield, IL | (217) 324-3971 | NAPA |
| 37 | Monroe Motor Products Corp. | 18 | 80/20 | $25 million | Michael Gordon | Rochester, NY | (585) 546-6633 | The Network |
| 38 | Frank Edwards Co. | 17 | 85/15 | Not available | Bob Edwards | West Valley City, UT | (801) 236-8000 | The Network |
| 39 | Al's Automotive Supply | 12 | 85/15 | Not available | James R. Scrivner Sr. | Cahokia, IL | (618) 337-1734 | The Alliance |
| 40 | P&A Auto Parts | 10 | 85/15 | $21.6 million | Joe Cupoli | Hackensack, NJ | (201) 843-7156 | NAPA |



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# A BRIGHT FUTURE


## RESELLERS OPTIMISTIC ABOUT 2013 SALES, MARGINS

**BY BRUCE ADAMS** | Managing Editor

Optimism abounds in 2013 among resellers as 57 percent said they expect their gross margins to improve this year, according to the *Aftermarket Business World* Reseller Product Study. Another 39 percent expect their gross margins to stay the same as last year.

That optimism is reflected in 2013 sales expectations as 59 percent or resellers expect to increase sales in 2013 while 36 percent anticipate that sales will stay the same as last year.

Price was the top priority of resellers' DIY customers (64 percent), with quality a distant third at 11 percent. The top priority of resellers' professional customers was quality (72 percent), followed by availability (51 percent), OEM form fit and function (39 percent) and price at 28 percent.

The study reveals that 64 percent of resellers did not make any Internet sales in 2012, and 20 percent sold only 1 to 5 percent of their products online. Seven percent of resellers reported selling more than 20 percent of their products online.

National brands are favored by 55 percent of resellers who say that's the majority of their inventory. Only 21 percent say the majority of their inventory is private label.

METHODOLOGY: The Reseller Product Study was fielded to readers of *Aftermarket Business World* via email. Survey results are intended to show general market trends, not statistical certainties, as results were garnered from a small sample audience.

PHOTO COURTESY: THINKSTOCK

# Auxiliary Lighting


**35%** report their auxiliary lighting inventory is evenly split between national brand and private label products.

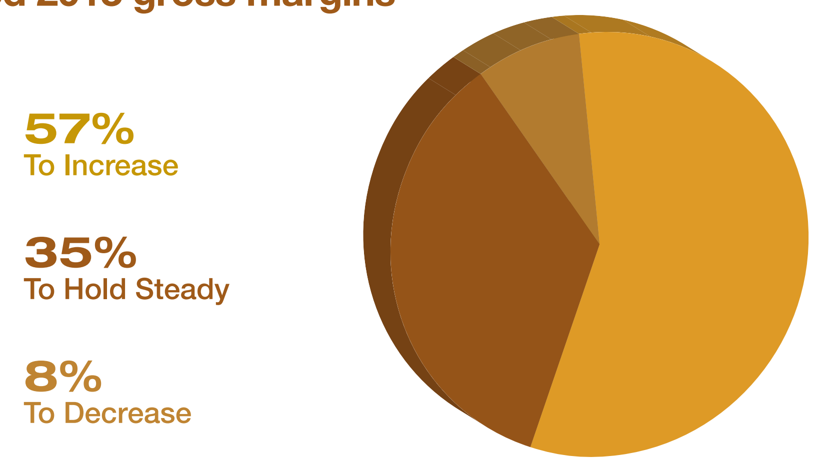
## Needs of professional customers

| | |
|---|---|
| Quality | 38% |
| OEM form fit and function | 28% |
| Availability | 21% |

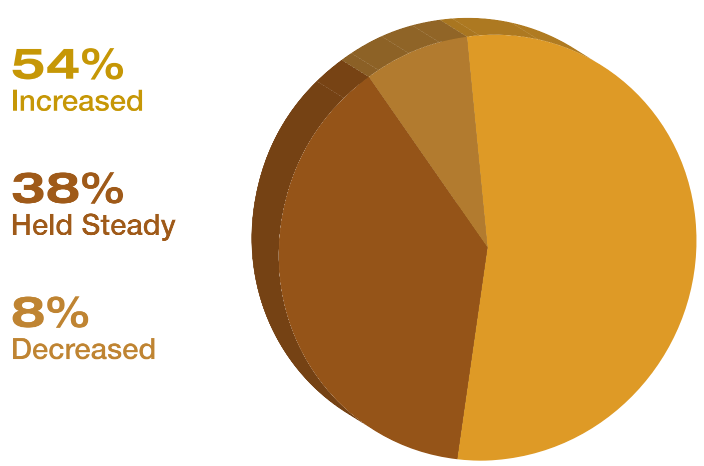
## Needs of DIY customers

| | |
|---|---|
| Price | 50% |
| Availability | 16% |
| Quality | 16% |

## Expected 2013 gross margins




## 2012 auxiliary lighting sales




**55%** of resellers report that they make no auxiliary lighting sales online.

## 2013 auxiliary lighting sales expectations

| | |
|---|---|
| To increase 1-10% | 46% |
| To increase 11-20% | 8% |
| To hold steady | 38% |
| To decrease 1-20% | 8% |

## Expected 2013 auxiliary lighting turns

| | |
|---|---|
| 1-4 | 66% |
| 5-8 | 23% |
| 9-10 | 8% |
| 11-12 | 3% |

**82%** turn to

INDUSTRY PUBLICATIONS

to get news and information on auxiliary lighting trends and developments

# Battery charger

## A BRIGHT FUTURE

**74%** report the majority of battery charger inventory is national brand products.

### Needs of professional customers

| | |
|---|---|
| Quality | 48% |
| Price | 24% |
| Availability | 12% |

### Needs of DIY customers

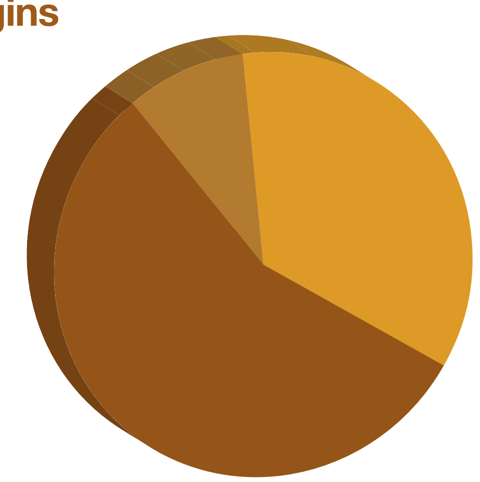
| | |
|---|---|
| Price | 72% |
| Availability | 20% |
| Quality | 8% |

### Expected 2013 gross margins

35% To Increase

56% To Hold Steady

9% To Decrease

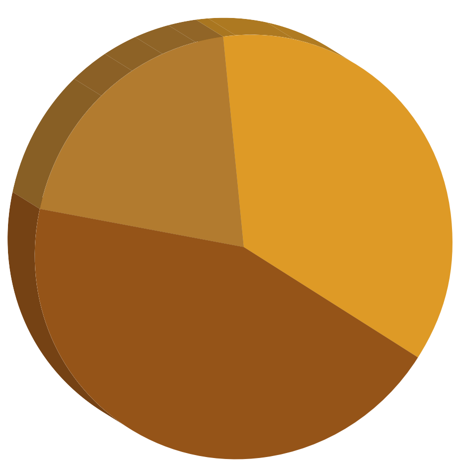


### 2012 battery charger sales

36% Increased

44% Held Steady

20% Decreased



**78%** of resellers report they make none of their battery charger sales online.

### 2013 battery charger sales expectations

| | |
|---|---|
| To increase 1-15% | 32% |
| To hold steady | 52% |
| To decrease 1-5% | 8% |
| To decrease 11-20% | 8% |

### Expected 2013 battery charger turns

| | |
|---|---|
| 1-2 | 55% |
| 3-4 | 30% |
| 9-10 | 10% |
| 15+ | 5% |

**76%** turn to

MANUFACTURERS

to get news and information on battery charger trends and developments



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# Brakes


**Needs of professional customers**

| | |
|---|---|
| OEM form, fit and function | 35% |
| Quality | 26% |
| Availability | 17% |

**Needs of DIY customers**

| | |
|---|---|
| Price | 39% |
| Quality | 26% |
| OEM form, fit and function | 17% |

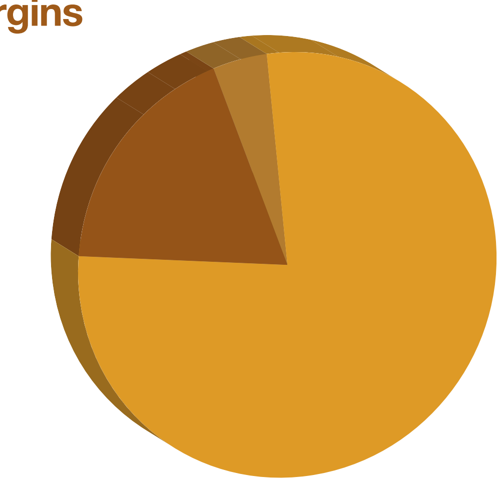
**48%** report the majority of their brake inventory is national brand products.

**Expected 2013 gross margins**

78%
To Increase

18%
To Hold Steady

4%
To Decrease

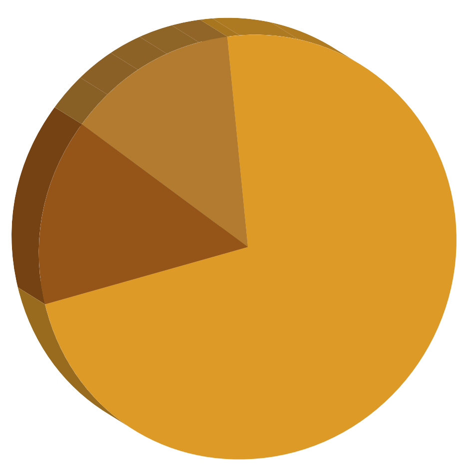


**2012 brake sales**

73%
Increased

14%
Held Steady

13%
Decreased



**49%** of resellers report they make none of their brake sales online.

| 2013 brake sales expectations | |
|---|---|
| To increase 1-5% | 27% |
| To increase 6-10% | 30% |
| To increase 11-20% | 13% |
| To hold steady | 26% |

| Expected 2012 brake turns | |
|---|---|
| 1-4 | 41% |
| 5-8 | 36% |
| 9-10 | 14% |
| 15+ | 9% |

**91%**
turn to

INDUSTRY PUBLICATIONS

to get news and information on brake trends and developments.

# Chassis


**42%** report their chassis inventory is national brnad products.

### Needs of professional customers

| | |
|---|---|
| Availability | 35% |
| Quality | 20% |
| Price | 20% |

### Needs of DIY customers

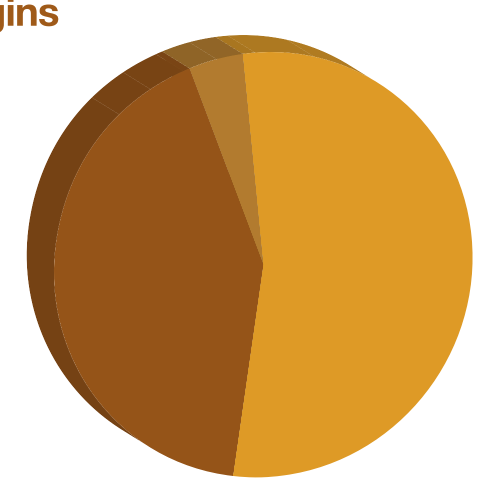
| | |
|---|---|
| Price | 70% |
| Availability | 15% |
| Quality | 7% |

### Expected 2013 gross margins

54% To Increase

42% To Hold Steady

4% To Decrease

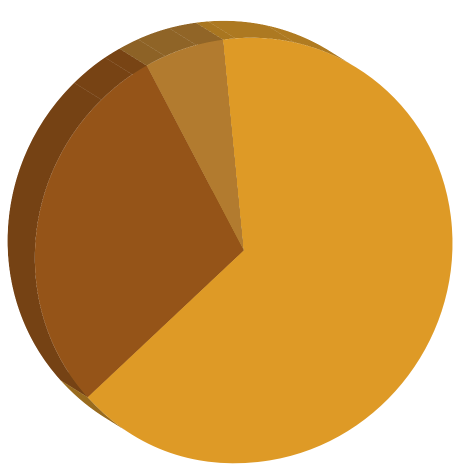


### 2012 chassis sales

65% Increased

29% Held Steady

6% Decreased



**60%** of resellers reort they make none of their chassis sales online.

### 2013 chassis sales expectations

| | |
|---|---|
| To increase 1-10% | 44% |
| To increase 11-15% | 8% |
| To increase 16-30% | 14% |
| To hold steady | 32% |

### Expected 2013 chassis turns

| | |
|---|---|
| 1-4 | 78% |
| 5-6 | 14% |
| 7-10 | 4% |
| 15+ | 4% |

**70%** turn to

MANUFACTURERS

to get news and information on chassis trends and developments.

# Fuel pump


## Needs of professional customers

| | |
|---|---|
| Quality | 47% |
| Availability | 18% |
| OEM form, fit and function | 16% |

## Needs of DIY customers

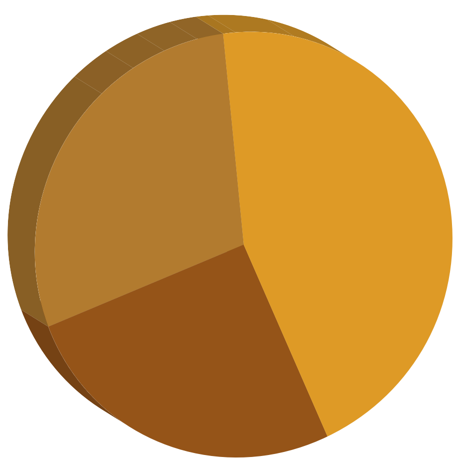
| | |
|---|---|
| Price | 71% |
| Quality | 11% |
| Availability | 11% |

## 2012 fuel pump sales

45% Increased

26% Held Steady

29% Decreased



**69%** of resellers report they make none of their fuel pump sales online.

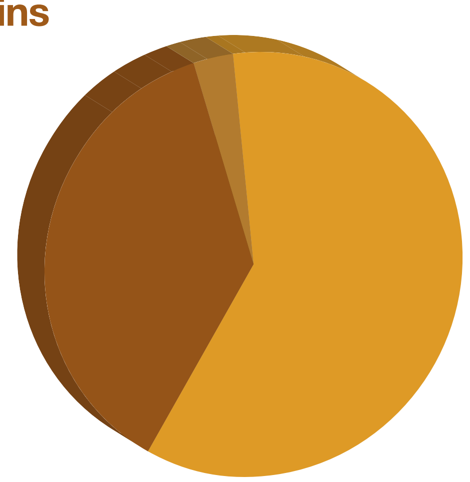
**71%** report the majority of their fuel pump inventory is national brand product.

## Expected 2013 gross margins

60% To Increase

37% To Hold Steady

3% To Decrease



## 2013 fuel pump sales expectations

| | |
|---|---|
| To increase 1-10% | 51% |
| To increase 11-30% | 11% |
| To hold steady | 35% |
| To decrease 6-10% | 3% |

## Expected 2013 fuel pump turns

| | |
|---|---|
| 1-2 | 53% |
| 3-4 | 24% |
| 5-6 | 18% |
| 9-10 | 3% |

**70%** turn to

MANUFACTURERS

to get news and information on fuel pump trends and developments.



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## Manufacturers Representatives

### MIDWEST



### SOUTH



### SOUTH



### SOUTHEAST