

# Long Island Business NEWS

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## Driven

### NAPA's growth defies recession, but independent dealers running out of road

By GREGORY ZELLER

Not all economic engines are sputtering. NAPA has revved its way through an impressive growth spurt in recent years. The National Auto Parts Association now has 6,100 stores and is opening dozens of new locations annually – including several on Long Island, with more on the way.

But the influx of NAPA shops here – there are currently 23 east of Manhattan, including seven across Brooklyn and Queens – has brought many independent auto-parts dealers to the brink.

“I’m looking forward to retiring,” said Steven Scola, who’s operated Morkar Auto Parts Inc. at the same Huntington Station location for nearly four decades.

Huntington is one of several Island sites in NAPA’s sights, along with Floral Park, Babylon, Medford, Patchogue and Selden. The plan, according to NAPA spokesman Josh D’Agostino, is to open all six new stores by summer 2011, but whenever they arrive, it won’t matter to Scola, who said national chains like NAPA, AutoZone and Advance Auto Parts delivered a deathblow

to his business long ago.

“They swamped out everybody,” Scola said. “I got beat up and lost a lot of money. At one point I had 10 counter guys and 15 drivers. Now it’s just me and one driver.”

Scola cobbles a living renting much of his space to other businesses, including an auto mechanic and a window company, and by selling “lots of old parts on the Internet.” He’s “just a pea” to the big national chains, he said, too small to even blip NAPA’s marketing radar.

“I don’t care if they move in next door,” Scola said. “I only deal in old parts now. Everything is already bought and paid for ... I’m a whole different ballgame now.”

It’s no accident that auto-supply chains are flourishing: According to D’Agostino, the recession has kept cars in service longer. “The median age of vehicles now is over 10 years,” he said. “We know exactly how long these cars have been out there.”

To divine these and other critical facts, NAPA purchases annual data from automotive intelligence kingpin RL Polk & Co. listing every registered vehicle in America. “We know every car out there, by ZIP code, make, model and year,” D’Agostino noted. “All the way down to engine type.”

Any market with 40,000 or more registered vehicles, he added, is “an A market,” and Long Island has several fitting the bill, including the six being considered by NAPA.

You can’t swing a dead engine in Nassau or Suffolk without hitting a national dealer, including the neighborhoods NAPA is currently scouting. There are AutoZone stores in West Babylon and North Babylon and an

Advance Auto Parts in Floral Park.

NAPA welcomes the competition. “We know how many cars are out there and we know these six markets are being underserved,” D’Agostino said. “We think we can carve our niche.”

NAPA’s niche is dealing to maintenance and repair franchises like Meineke and Jiffy Lube (D’Agostino estimates about 70 percent of NAPA’s business is B2B sales). That’s slightly different from the niche carved by independent dealers like John Farrell, who’s kept West Babylon’s John Farrell Auto Parts afloat for more than 25 years.

Farrell deals exclusively in parts for cars built before 1970, he said, mostly exotic models. Clients from Long Island, New York City and around the world call him for hard-to-find parts for their Jaguars and Maseratis, he said, and “there’s enough business to get by and make a living.”

NAPA will make its final expansion decisions soon, according to D’Agostino. “Finding the real estate is the hardest part,” he said, noting NAPA’s specific needs: at least 6,000 square feet, preferably a stand-alone property “with high enough ceilings that we can double-deck the shelving and basically double our inventory, and enough parking for customers.”

Once the right sites are identified, NAPA will spend less than 90 days rounding them into form. The association finished 2009 with roughly \$5.2 billion in revenue, down 1 percent from 2008, and while that doesn’t sound awful in the teeth of a massive recession, it did mark only the fourth time in 82 years that NAPA failed to record a year-over-year sales increase – and the association is looking for a quick turnaround.

“There are many large national competitors,” he said. “And yes, there are cases where we’ve looked at markets and found a strong, very well-inventoried independent competitor, and that’s caused us some pause.

“But we feel competition makes for a more viable market,” D’Agostino added. “And in most cases, we’ve got a better recognized brand ... and 420,000 parts in our system, which separates us from our competitors.”

Most competitors, particularly independent operators, would be hard-pressed to argue.

“It doesn’t matter to me, but other independent guys are going to be crying the blues,” Scola said. “NAPA is very aggressive. The little guys are not going to be happy.”

