



1-800 RADIATOR & AC BUSINESS MODEL



Contents

- Introduction.....3**
- Industry Overview..... 4
- The Competitive Landscape..... 5
- Generalist Parts Stores 5
- Specialty Parts Providers 5

- Why Customers Choose 1-800-Radiator & AC.....6**
- Inventory..... 7
- Quality Control..... 7
- Accuracy Of Our Catalog..... 7
- Competitive Pricing..... 8

- Why Franchisees Choose Us9**
- The Sales Opportunity Is Massive. 9
- Demand Is Stable. 10
- Tremendous Support. 10
- A Better Home Life For Sales Professionals. 10
- Technology Platform. 10
- Running The Business Is Simple. 10

- The Revenue Model.....11**
- How Franchisees Generate Revenue 12
- The Labor Model 13

- Financial Performance.....14**

- Training & Support.....17**
- Marketing..... 18
- After Initial Training..... 18

- Growth Strategy.....19**

- FAQ.....21**

Introduction

1-800-Radiator & AC provides high-quality, hard-to-stock product lines to automotive repair shops nationwide and is a dominant player within the \$392 billion automotive aftermarket parts and service industry.

We are a B2B provider. On average, franchisees serve 1,000 businesses in their communities, including parts stores, repair shops, body/collision shops, new and used car dealers, junk yards, and radiator repair shops.

Automotive businesses choose us because we can almost always deliver hard-to-find parts within 1-2 hours, enabling them to quickly repair vehicles and keep their customers happy.

Franchisees choose us because of sophisticated systems and support that help them:

- anticipate which parts will be needed in their community
- manage inventory
- win and keep customers
- market effectively and maintain strong margins

We're a whole lot more than a parts seller. 1-800-Radiator & AC was founded in the San Francisco Bay area — near the heart of Silicon Valley. Our core capabilities are built on a data and technology platform that harnesses massive amounts of industry, government, and customer data to create efficient supply chains that help franchisees make money. When the company started in 2001, the market for radiators and specialty automotive parts was highly fragmented. Over the past two decades, our franchisees have consolidated the market by providing superior service to customers.

We are owned by Driven Brands, the world's leading automotive aftermarket franchise company. Based in Charlotte, North Carolina, the company's growing portfolio of brands includes Meineke Car Care Centers and MAACO Collision Repair and Auto Painting, 1-800 Radiator, and CARSTAR.

When the company started in 2001, the market for radiators and specialty automotive parts was highly fragmented. Over the past two decades, our franchisees have consolidated the market by providing superior service to customers.



Industry Overview

The automotive aftermarket industry consists of parts distributors and repair shops and is one of the largest industries in the United States. Here's a quick look at the industry, by the numbers:

- 280 million+ — light trucks and passenger cars on the road, according to the Auto Care Association
- \$392 billion — total sales for the aftermarket parts and service industry in 2018, according to automotiveaftermarket.org.
- \$86 billion — total sales for automotive aftermarket parts, according to McKinsey & Company, 2015
- 536,000+ — the number of individual businesses in the space according to the Auto Care Factbook 2019
- 1,100 — the approximate number of businesses served, on average, from a 1-800-Radiator & AC location

The Competitive Landscape

Generalist Parts Stores

The aftermarket auto parts market is dominated by four players in the United States: Genuine Parts Company (best known for NAPA), AutoZone, Advance Auto Parts, and O'Reilly Auto Parts. Together, they control about half the market.

The brands are popular with DIYers, and they also serve auto repair shops by providing access to common, easily stocked parts. They function as generalists, carrying a large inventory of commonly used parts.

Competition for cost-conscious shoppers puts downward pressure on profit margins, although the brands mitigate this somewhat by offering “good, better, best” parts selections and putting higher markups on the “best” category to increase profits.

Pressure from competition is expected to markedly increase for generalist parts stores in the coming decade thanks to competition from online retailers. McKinsey & Company's report “Ready for Inspection — The automotive aftermarket in 2030,” projects that Amazon and other online retailers “will gain a significant share of revenues and profits in the automotive aftermarket” by 2030, using their digital dominance and growing delivery capabilities to surpass today's dominant providers. Specialty parts suppliers are much harder for online retailers to compete with because the parts themselves are often bulky and difficult to ship.

Specialty Parts Providers

1-800-Radiator & AC was founded in 2001 and disrupted the industry by using technology to predict demand and improve inventory and logistics in the specialty parts space. Our franchisees own more than 150 locations that serve about 100,000 businesses nationwide. We have few direct competitors — most rivals have technologically stagnated and fallen far behind. Many either joined our brand or left the industry over the past 20 years.

We are very different from the Big Four auto parts stores listed above. For one, we don't maintain a retail store. We focus strictly on B2B. Second, we don't carry all parts lines. Instead, we focus on vehicle parts that are complex, bulky, difficult to stock, and carry higher margins. This insulates us from competition from retail players, whose locations have higher real estate costs which means they cannot afford to devote space to large items. It also insulates us from competition from online retailers, who cannot afford to ship large items.

We have the largest inventory in the nation of radiators, condensers, air conditioning parts, fan assemblies, fuel pumps, and related parts.

Our competitive advantage comes from our ability to deliver those harder-to-get parts quickly to businesses that are eager to complete fast repairs. Traditional retail parts stores only overlap with us on about 20%-30% of inventory. Even where there is overlap, we carry a much deeper selection. This allows us to deliver the right part to customers the same day — often within 1-2 hours — 90%-95% of the time.



Why Customers Choose 1-800-Radiator & AC

Our customers are auto repair shops and other automotive businesses that need to complete repairs as quickly as possible. Drivers don't like being without their cars. Fleet managers don't like having a revenue-producing vehicle sitting idle. But to get vehicles back on the road, mechanics need access to the right parts — fast.

Customers ultimately rely on us for four things:

- Superior inventory that enables same-day availability of hard-to-get parts
- Quality control processes that favor parts that are durable
- An accurate catalog that ensures great fit between the aftermarket part and the vehicle being repaired
- Competitive prices

Here's an overview of how we deliver on all four promises.

Inventory

Mechanics often call parts stores a dozen times a day. Most of those calls go to traditional auto parts stores. But traditional parts stores can't stock everything. Because they double as retailers, traditional parts stores rely on expensive, high-visibility real estate. Given how much they pay for each square foot of space, they cannot afford to profitably stock certain items, so they don't.

That's where we come in. 1-800-Radiator & AC is the go-to provider of radiators, condensers, air conditioning parts, fan assemblies, fuel pumps, and related parts. Our franchisees' businesses are located in warehouses in industrial areas, greatly reducing the cost of real estate and making it economical to stock parts that retail stores cannot. We deliver those parts directly to customers — almost always within 2 hours.

We are able to offer rapid parts delivery 90%-95% of the time. That's critically important, because when mechanics call us for a part, **that call turns into a sale 3 to 4 times as often if the part is immediately available**. To keep inventory efficient, we use predictive algorithms that look at the types of vehicles in each franchisee's market (make, model, vehicle age), which customers are in the market, the number of repair bays, order histories, and which vehicles are most likely to need repairs. All of this data is crunched so we can recommend the types and number of parts franchisees should stock.

As for the traditional auto parts stores, we don't see them as competitors. We love those guys. They're actually our customers, too. When a DIYer reaches out to a retail parts store to ask about ordering a radiator, guess how the retail store often gets the right part? If they need the part fast, they place the order with us.

Quality Control

Speed is important, but so is quality. No mechanic wants to take care of their customer only to have that customer bring the vehicle back because the new part either didn't fix the issue or caused new problems.

Mechanics choose 1-800-Radiator & AC because the parts we stock are more reliable. Aftermarket parts sometimes have issues with quality or fit. That's a fact of life that mechanics have learned to accept. We make their lives easier by tracking failure rates for each part that we stock, not just by manufacturer, but by specific SKU. We then help franchisees stock parts that have the lowest failure rates.

1-800-Radiator's systems make it easy to order parts from over 100 major manufacturers. We're not tied to a specific manufacturer. Nor are we tied to huge bundle orders. Instead, we learn who makes the best coolant recovery system for a Ford F-150, who makes the best radiator for a Toyota Corolla, and who makes the most reliable heater core for a Nissan Rogue, etc. Then we stock the best part.

By providing parts that are reliable and that fit, we help mechanics complete repairs faster and keep their own customers happy.

Accuracy Of Our Catalog

We make ordering the right part very easy. Our systems allow us to very quickly identify the right parts for specific vehicles. While much of the aftermarket parts industry still relies on catalogues and phone calls to find the right parts, we use a database that allows for easy lookup.



Competitive Pricing

We stock items with naturally high margins but take steps to ensure our prices are competitive. Of course, the best way to deliver competitive prices to customers while maintaining strong profit margins is to make smart purchases from manufacturers.

This is another area where 1-800-Radiator's investment in technology has created a strong advantage for franchisees. Since we know which parts are in demand and help franchisees manage inventory, we are able to use our systems to set up a weekly reverse auction that parts manufacturers can access. They see the parts we need, then make their best offer, competing against other brands to supply us. Then franchisees are able to make purchases on the basis of price and quality.

Other auto parts suppliers often commit to bulk orders in order to secure discounts, typically ordering many different types of parts from the same manufacturer. We've found that part quality can vary significantly across a manufacturer's full product line. By devising the reverse auction system, we are able to secure the best of both worlds — great prices and great quality.

1-800-Radiator & AC is the go-to provider of radiators, condensers, air conditioning parts, fan assemblies, fuel pumps, and related parts. Our franchisees' businesses are located in warehouses in industrial areas, greatly reducing the cost of real estate and making it economical to stock parts that retail stores cannot.



A photograph of two men in a workshop setting. The man on the left is wearing a dark blue polo shirt with red piping and a logo on the chest. The man on the right is wearing a dark blue button-down shirt and a dark cap. They are both looking at a tablet held by the man on the left. The background shows a workshop with various tools and equipment.

Why Franchisees Choose Us

The Sales Opportunity Is Massive.

“There are so many vehicles out there (272.4 million as of 2017 according to the Federal highway Administration) and driving is such a critical function of life in America. Every family has at least two. Those vehicles need maintenance and repairs, and it’s not an optional expense. People have to have it.”

— BILL MAGRUDER, 1-800-RADIATOR & AC FRANCHISEE IN SAN ANTONIO, TEXAS

Demand Is Stable.

“If you look at the first 10 years we were in business, we have been able to build a very valuable asset in the middle of a tough economy. We went through the bank crisis, in 2009 new automotive sales dried up because of the Great Recession, and there was a wave of bankruptcies in the U.S. Through it all, people continued to fix their cars.”

— DANIEL MCRAE, WHO OPENED HIS FIRST LOCATION IN GREENSBORO, NORTH CAROLINA, IN 2006 AND NOW OWNS SIX TERRITORIES IN NORTH CAROLINA AND OHIO

Tremendous Support.

“I love the corporate team. The final factor when I decided to become a franchisee was that I was really convinced they would help me. I knew nothing about car parts, but they had great systems for pricing, inventory management, and quality control, and excellent support for when I had questions. That made me realize I could jump in. And it turned out alright. As of now, I have seven warehouses.”

— PAVANBHARGAVA, WHO BECAME A FRANCHISEE IN 2012 AND NOW OWNS TERRITORIES IN NEVADA, UTAH, WASHINGTON, OREGON AND IDAHO

A Better Home Life For Sales Professionals.

“One of the biggest things was not having to be away from the kids. I was in the school bus industry. And of course, because of the school year, all the trade shows were in the summer. I traveled all over the East Coast all summer long. Everyone else was on vacation and I had to work. I actually enjoyed the work, but when your kids are mad at you when you get home because you’re never there, you start to look for something else to do. I knew how to sell, but I had no idea how many radiators there were to sell until I started talking with 1-800-Radiator. I could see the potential.”

— DONALD HAMILTON, WHO JOINED THE BRAND IN 2007 AND NOW OWNS THREE TERRITORIES IN NORTH CAROLINA AND VIRGINIA

Technology Platform.

“The company has done very well since its founding and has been able to grow and add product lines. They make excellent use of technology—which the automotive aftermarket space is not known for and has made 1-800-Radiator a leader—and they have very clearly defined their opportunity. They’re smart about how they compete, and add product lines where we can be the leader while still having good profit margins. The technology platform works for any type of automotive part. 1-800-Radiator and (parent company) Driven Brands have been very smart about adding product lines that make sense.”

— DANIEL SCHMITZ, A LONGTIME INTERSTATE BATTERY FRANCHISE OWNER WHO PURCHASED TWO 1-800-RADIATOR & AC TERRITORIES IN 2019 IN ORDER TO EXPAND THE SERVICES HE CAN OFFER TO CUSTOMERS

Running The Business Is Simple.

“It’s a pretty simple business. You buy something for a certain price and hopefully sell it for more. Then you make the deliveries. It’s not really complicated. You have a lot of customers. More than 50% of it is cash on delivery payment, so you don’t have a lot of money tied up in receivables. The business opens at 8 and shuts down at 5:30. You may have some things to do after hours as the owner, like payroll, but you can develop a pretty reliable routine.”

— BILL MAGRUDER, 1-800-RADIATOR & AC FRANCHISEE IN SAN ANTONIO, TEXAS

In 2023, the top 25% of 1-800-Radiator & AC warehouses visited their metro customers an average of 5 times each, or about one visit every 9 weeks per metro customer.



The Revenue Model

The average 1-800-Radiator & AC generated \$2 million in total sales in 2023, as outlined in our most recent Franchise Disclosure Document. The Top 25% of franchises averaged \$3.3 million in sales while the bottom 25% averaged \$934K



How Franchisees Generate Revenue

The Key Performance Indicators for a 1-800-Radiator & AC location are pretty straightforward:

- **Keep inventory in stock.** When a customer places an order, the part should almost always be available for immediate delivery. Mechanics want same-day access to parts so they can complete more repairs and make more money. When a part is immediately available, they are 3 to 4 times as likely to buy.
- **Make frequent sales visits to customers.** As a specialty parts supplier, customers won't call us for every kind of auto part. They will call traditional auto parts stores a dozen times a day to get access to common and easily stocked parts. Those calls can become such a habit that mechanics don't think to look elsewhere. To overcome that, it's important to make yourself top-of-mind. Regular sales visits to clients are critical for earning and retaining customers.

During 2023, the best performing 1-800-Radiator & AC warehouses (top 25%) were out of stock approximately 7% of the time (or less) for radiators and air conditioning condensers, while the lowest performing 1-800-Radiator & AC warehouses (bottom 25%) were out of stock approximately twice as often – about 12% of the time for radiators and air conditioning condensers.

In 2023, the top 25% of 1-800-Radiator & AC warehouses visited their metro customers an average of 5.1 times each, or about one visit every 9 weeks per metro customer. The bottom 25% of 1-800-Radiator & AC warehouses made an average of over 2.5 visits per metro customer in 2023 or about one visit every 16 weeks.

Daniel Schmitz was already a successful owner of an Interstate Batteries franchise when he decided to become a 1-800-Radiator & AC owner in 2019. "I did a lot of due diligence calls with other franchisees and they all said it was a good company to be in business with and a good business to be in."

Speed is important, but so is quality. No mechanic wants to take care of their customer only to have that customer bring the vehicle back because the new part either didn't fix the issue or caused new problems.

His business has already experienced strong growth, and he says the keys have been keeping parts ordered, managing inventory (making sure parts are stored where they should be in warehouses; logging any returns into the system), increasing sales visits to customers, and making sure orders are delivered quickly.

"One of the biggest helps has been using the auto-ordering generator, which lets us know what quantities of certain parts 1-800-Radiator recommends we order based on our current inventory, what our customers have ordered in the past, and the cars and trucks in our market," he says. "It makes ordering quicker, easier, and helps make sure we have the right parts when customers need them."

He also uses a pricing system 1-800-Radiator developed to help franchisees maintain strong margins while pricing competitively.

"The IT capabilities of this company are very advanced," he says. "It's very exciting to be able to work smarter and concentrate my time on building the skills of my team and relationships with my customers."





The Labor Model

Here's a look at the key roles you'll need to hire for as a 1-800-Radiator & AC owner, as well as typical pay.

- **Outside salesperson (\$22/hr + incentives).** This employee visits your customers regularly to let them know about marketing specials and new product lines, and to reiterate our value proposition to customers — same-day availability of hard-to-find parts and superior quality.
- **Customer service representative (\$14-\$20/hr).** This person fields calls from customers, takes and relays call-in orders, and also makes outbound calls to customers.
- **Warehouse personnel (\$18-\$20/hr if they are a manager; \$16/hr if they're a helper).** This person pulls parts for the orders and gets drivers in and out for deliveries.
- **Contracted Drivers (\$18-\$22/hr).** We don't recommend hiring full-time drivers. Instead, we suggest using temporary staffing, so you have a lot of flexibility to ramp up or down in this area. Certain parts see cyclical demand surges. One example: On the first warm day of spring, when 1,000,000 drivers in the same city all flip on their AC for the first time in months only to discover there's no cold air.



Financial Performance

The table below shows averages of the financial results achieved by franchisees in 2022, divided by quartiles. “Metro Customers” are defined as the total number of potential shops a territory has in its territory — including active customers and non-buying shops. “Metro Sales per Metro Customer” represents net sales to shops within a franchisee’s territory divided by “Metro Customers.” The term “OOS” stands for out-of-stock and shows how often certain parts were unavailable when customers inquired. Maintaining a strong inventory is a major KPI for franchisees, and the financial results by quartile reflect it.

You can find a full description of terms in the Item 19 section of our Franchise Disclosure Document (FDD), which we recommend reviewing in full. Candidates receive a copy of the FDD after entering into a conversation with 1-800-Radiator & AC to evaluate the franchise opportunity.

Values	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		2023 YE	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
# of Outlets	47	47	47	47	47	47	47	47	188	188
Metro Sales Per Metro Customer*	\$2,432	\$2,196	\$1,675	\$1,685	\$1,126	\$1,108	\$639	\$678	\$1,483	\$1,351
Metro Customers	1314	1233	1161	952	1374	1170	1283	1092	1283	1093
Metro Sales **	\$2,974,858	\$2,829,601	\$1,910,338	\$1,679,695	\$1,522,203	\$1,262,716	\$819,098	\$749,082	\$1,806,624	\$1,373,911
Total Sales***	\$3,337,870	\$3,094,051	\$2,179,817	\$1,816,772	\$1,715,115	\$1,489,175	\$934,686	\$830,170	\$2,041,872	\$1,580,373
Gross Margin %	49%	47%	49%	47%	47%	46%	48%	49%	48%	47%
Visits Per Metro Customer	5.1	5	4.5	4.4	3.9	4.1	2.5	2.8	4	4
Radiator OOS%	7%	4%	5%	4%	5%	4%	11%	7%	7%	5%
Condenser OOS%	8%	4%	6%	5%	6%	4%	13%	8%	8%	6%
Compressor OOS %	10%	6%	9%	7%	10%	9%	21%	14%	13%	9%



- * For the 1st Quartile, the highest Metro Sales per Metro Customer were \$5,263, and the lowest Metro Sales per Metro Customer were \$2,024.
- * For the 2nd Quartile, the highest Metro Sales per Metro Customer were \$2,023, and the lowest Metro Sales per Metro Customer were \$1,354.
- * For the 3rd Quartile, the highest Metro Sales per Metro Customer were \$1,349, and the lowest Metro sales per Metro Customer were \$913.
- * For the 4th Quartile, the highest Metro Sales per Metro Customer were \$910, and the lowest Metro Sales per Metro Customer were \$179.
- * The highest 2023 year Metro Sales per Metro Customer were \$5,263, and the lowest 2023 year Metro Sales per Metro Customer were \$179.
- ** For the 1st Quartile, the highest Metro Sales were \$7,434,631, and the lowest Metro Sales were \$388,687.
- ** For the 2nd Quartile, the highest Metro Sales were \$4,426,338, and the lowest Metro Sales were \$520,082.
- ** For the 3rd Quartile, the highest Metro Sales were \$4,076,956, and the lowest Metro Sales were \$208,625.
- ** For the 4th Quartile, the highest Metro Sales were \$2,545,803, and the lowest Metro Sales were \$104,440.
- ** The highest 2023 year Metro Sales were \$7,434,631, and the lowest 2023 year Metro Sales were \$104,440.
- *** For the 1st Quartile, the highest Total Sales were \$8,477,992, and the lowest Total Sales were \$400,195.
- *** For the 2nd Quartile, the highest Total Sales were \$5,757,810, and the lowest Total Sales were \$585,198.
- *** For the 3rd Quartile, the highest Total Sales were \$4,306,348, and the lowest Total Sales were \$425,027.
- *** For the 4th Quartile, the highest Total Sales were \$2,793,843, and the lowest Total Sales were \$122,274.
- *** The highest 2023 year Total Sales were \$8,477,992, and the lowest Total Sales were \$122,274.



The following chart indicates the number and percentage of franchisees that were above or below the average in each KPI category.

KPI Category	Above/Below Average	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile	Grand Total	% Above/Below Average
Metro Sales Per Metro Customer	Above	11	26	21	27	85	45%
Metro Sales Per Metro Customer	Below	36	21	26	20	103	55%
Metro Customers	Above	22	16	18	19	75	40%
Metro Customers	Below	25	31	29	28	113	60%
Metro Sales	Above	20	17	20	18	75	40%
Metro Sales	Below	27	30	27	29	113	60%
Total Sales	Above	21	17	18	17	73	39%
Total Sales	Below	26	30	29	30	115	61%
Gross Margin %	Above	19	15	22	24	80	43%
Gross Margin %	Below	28	32	25	23	108	57%
Visits Per Metro Customer	Above	22	18	25	25	90	48%
Visits Per Metro Customer	Below	25	29	22	22	98	52%
Radiator OOS %	Above	12	17	17	13	59	31%
Radiator OOS %	Below	35	30	30	34	129	69%
Condenser OOS %	Above	11	18	19	11	59	31%
Condenser OOS %	Below	36	28	28	36	129	69%
Compressor OOS %	Above	15	18	18	12	63	34%
Compressor OOS %	Below	32	29	29	35	125	66%





Training & Support

1-800-Radiator & AC provides extensive training and support. Before starting the business, franchisees and their staff receive one week of remote webinar training. This is followed by a week of hands-on training at the corporate office and at the corporate-owned location in Sacramento, California.

The hands-on training accomplishes three key objectives:

- You'll meet the franchisor staff who are available to advise and support you as you grow your business.
- You'll learn the essentials about the software and tools for running your business.
- You'll see and experience a high-volume location that serves as a model for how the business performs when all the systems are being used to their potential.

After you visit us for training, we'll come to you. The week before your location opens, we fly out an operations team for further training and to ensure your inventory is stocked and organized so that when customers call, you'll be ready. We spend a full week with you and your team, teaching best practices and answering questions.

Once you open, we'll continue to conduct weekly support calls to address any issues and share ideas. Four weeks after you open, we'll send the support team out to you again for follow-up training.



Marketing

Our system provides data that highlights which local auto repair shops should be targets for a sales call or a personal visit.

These timely customer contacts provide a competitive advantage over competitors who do not have sophisticated systems to track the same customers. They allow you to focus your efforts in order to build your market share and grow sales.

Franchisees also use the system to execute direct mailings, phone blitzes, and sales promotions.

After Initial Training

Weekly support calls continue as long as you own the business, but we offer a lot of additional training for groups of franchisees.

We hold an annual conference for franchisees where owners have a chance to learn about upcoming initiatives, master best practices, meet suppliers, and learn from one another.

We also hold one or two regional meetings in each region of the country, as well as regional boot camps that make it easier for owners to bring along their staff to improve skills and network with peers.



A woman with dark hair and bangs, wearing a grey jacket over a red top, is sitting at a desk in a warehouse office. She is talking on a black mobile phone held to her ear. In front of her is a large computer monitor on a stand. To the left of the monitor is a potted plant. The background shows high industrial shelving units filled with boxes in a warehouse setting.

Growth Strategy

1-800-Radiator & AC used to primarily sell radiators to auto repair shops. Then we expanded our services by adding more air conditioning parts for sale. Now, we offer fuel, exhaust, and heavy duty parts, too.

Moving forward, we plan to continue adding product lines as long as they fit our two core criteria:

- They're bulky and hard for our competitors to stock.
- They have the potential for strong profit margins.

The technology platform that powers the brand can work for any automotive product line, so our franchisees have a huge opportunity to sell more to their existing customers. With the average territory having more than 1,100 customers already, the potential to increase sales by providing more services to the existing customer base is enormous.

The key is to add those product lines in a thoughtful way.

In 2015, 1-800-Radiator & AC was purchased by Driven Brands, which also owns Meineke, Maaco, and Take 5 Oil Change. "We have gotten a little more corporate since Driven Brands bought the brand, but that has only been a positive thing," says Daniel McRae, who owns six 1-800-Radiator & AC territories in North Carolina and Ohio. "They've given us some additional structure, which has helped refine the long-term strategy."

Driven Brands is helping us identify additional product lines that fit in our sweet spot. Thanks to our state-of-the-art inventory management and marketing systems, we're confident we can add additional products that can be stocked on a just-in-time basis by franchisees, allowing them to generate more sales, more profits, and even happier customers.





FAQ

Does The Name 1-800-Radiator & AC Limit The Brand's Potential?

Good question. We were a bit worried about that too a few years back, but not anymore. Before Driven Brands purchased us in 2015, they did a lot of due diligence and one of the things they studied was the brand name. The great news is that it's a very well known brand among our customers — mechanics and retail part stores. They understand that while that's where we started, we now offer more. One of the keys for maximizing sales is to make frequent sales calls and keep customers educated about specials and product line expansions.



How Do You Compete With All Of The Autozones, O'Reilly's And Other Retail Parts Stores?

We don't really compete with them very much. Our product lines only overlap 20%-30% of the time. Mechanics call us because they know we carry items other parts stores don't, and they need the parts today. The big auto parts retailers carry common items that are compact and easy to stock. Because they're located in high-traffic retail corridors with higher real estate costs, they have to make every inch of shelf space work hard to cover expenses and make a profit. As a B2B seller, 1-800-Radiator & AC locations can be tucked away in industrial warehouse areas that are much, much less expensive. This makes it economical for us to stock bulkier parts. The bulkiness of the parts we carry also makes it hard for online retailers to compete, since door-to-door shipping to individual customers is cost prohibitive.

Why Did Revenues Dip A Few Years Ago?

Mechanics, nearly across-the-board, saw a sales dip in recent years as an after-effect of the Great Recession. The peak years for repairs on vehicles come when a vehicle is 8 to 12 years old. From 2008-2012, the economy was suffering and new car sales declined significantly. That dip in new car sales is now reflected in a lower number of 8- to 12-year-old vehicles on the road. People with even older cars still get repairs, which is one reason the aftermarket auto industry is so resilient, but owners of older vehicles tend to stretch the repairs out longer. The great news is that car sales have been much stronger for the past decade and we're now feeling the effects of that upswing back to normal.





Ready to learn more? Let's talk.

If you haven't already heard from one of our recruiters, you will soon. We'd like to learn about your goals for your next business and see if our business model and support can help you achieve them. If it looks like we're a good fit, we'll assist as you evaluate the business and decide if it's right for you.

You can reach us directly at 866-780-9392.

