

Superior Automotive Hoist



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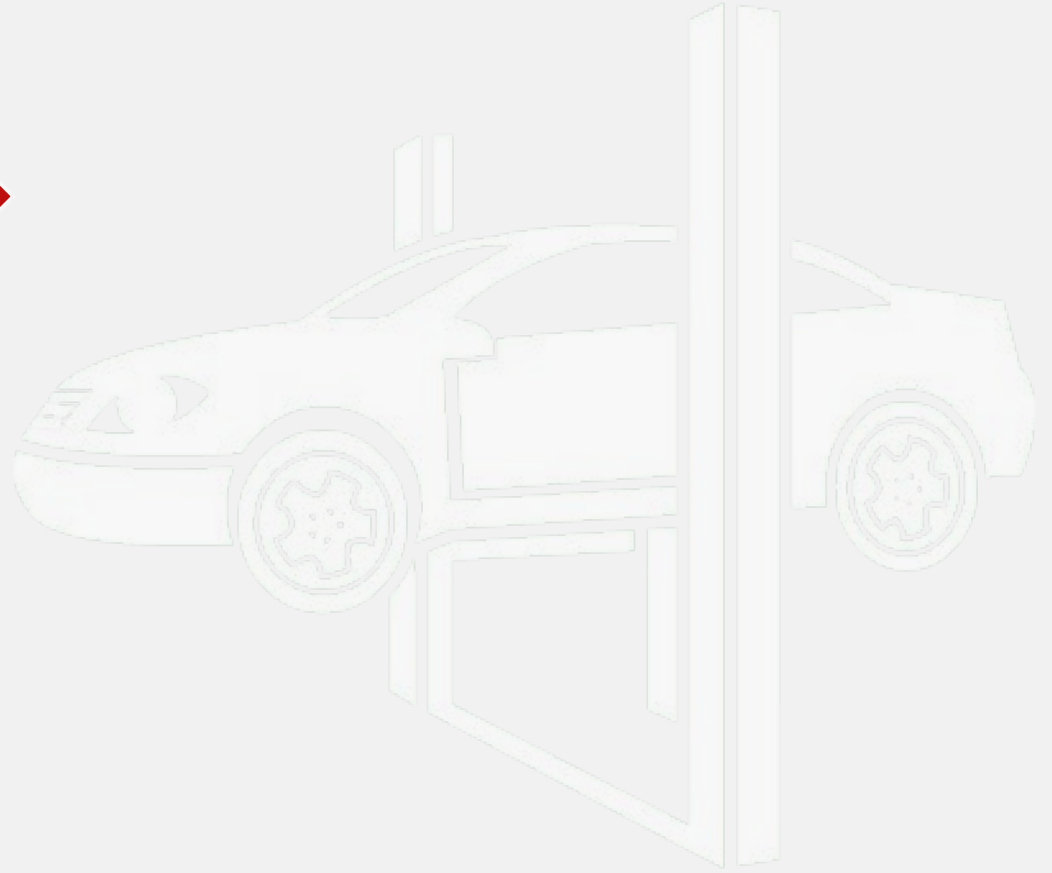




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Pros/Cons or options, which is best and why

01

BACKGROUND INFORMATION

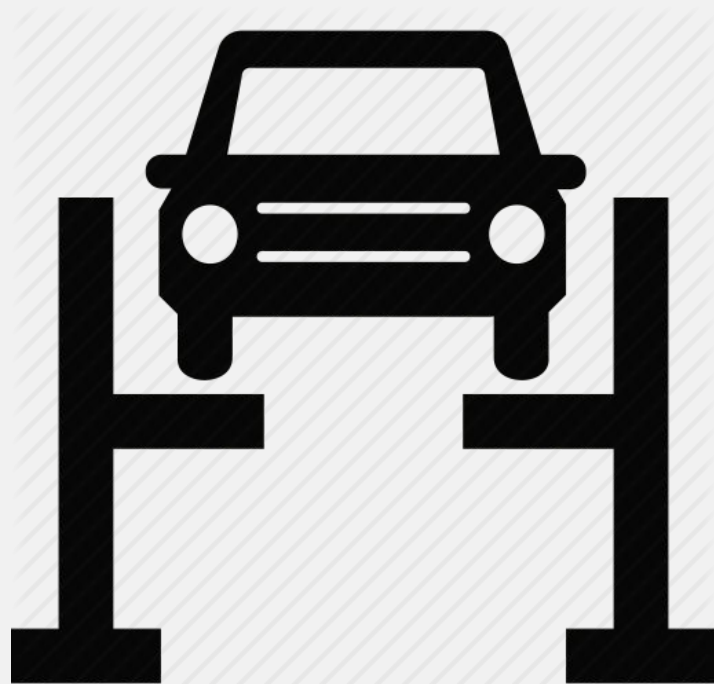
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About Superior Lift

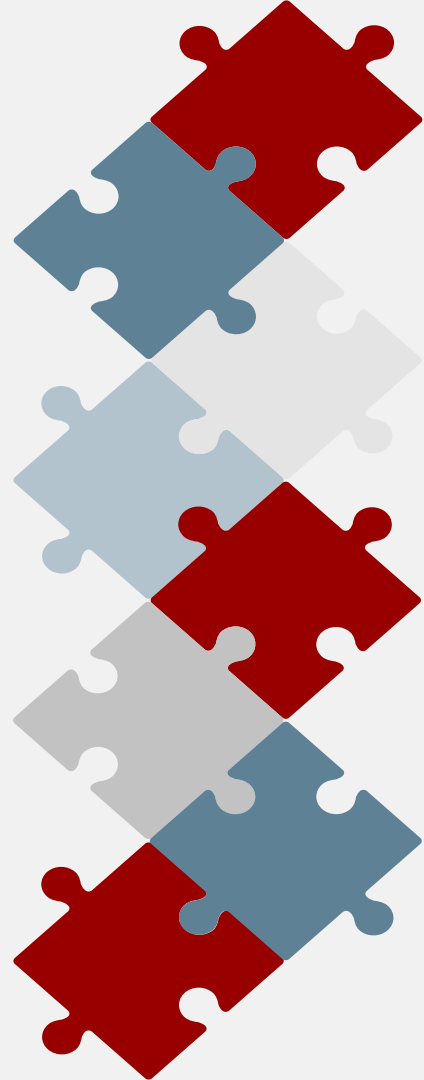
- Alfie Ziesmer, President of **Superior Automotive Hoist, Inc.**
 - Worked as Design Engineer
 - In 2010, launched Superior Automotive Hoist, Inc.
- Produces a high-quality scissor lift with a **special focus on safety.**
 - Category leader of safety in North America
 - Considered the “**Mercedes**” of **Automotive Hoists**



Key Success Factors

Some of the major key success factors that have contributed to Superior Lift's reputation include...

- The Product's **Design**
- **Quality** of workmanship
- **Safety** features
- Five-year warranty
- Ease of installation
- **Alignment of turn plates**
Integral part of the scissor lift, which allowed mechanics the ability to accurately & easily perform wheel alignment jobs.





Background Information on NA Market

	North America	United States	Canada
Registered Vehicles	164M	150M	14M
Total Market Unit Sales	49,272	-	-
Total Market Scissor Lift Unit Sales [& Submarket Estimates]	2,316	[2,118]	[198]
Superior Automotive Unit Sales	1,054	632	422
Superior Automotive Dollar Sales	\$9.708M	\$5.824M	\$3.883M

Current Position within Lift Market



- 1 Type of hoist: **Scissor Lift**
- The automotive hoist market has **16 competitors** in in **North America**. **AHV Lifts** and **Berne Manufacturing** are the two dominating firms in the U.S
- **AHV Lift** and **Mete Lift** are the two other competitors that produce **scissor lifts**.
- **AHV sells** their scissor lift **20% less**
- **Mete Lift** sells their scissor lift **5% less**
- AHV and Mete Lift's products have **different lifting** mechanisms and **lack** some **safety features**.



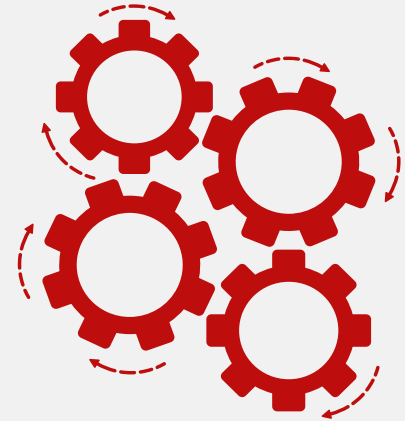
Market Shares Within Lift Market

	North America	United States	Canada
Market Share of NA	2.14%	1.28%	0.86%
Market Share of NA (Scissor Lifts)	45.51%	27.29%	18.22%
Estimated Share of Submarket (Scissor Lifts)	45.51%	29.84%	213.13%
Channel of Distribution	Wholesale, Salesforce, and Distributors	Wholesale	Salesforce and Distributors



Characteristics of Lift Market in NA

- **Safety** is an important factor
- Hoists rarely malfunction, however, malfunctioning, can result in serious accidents
- Each year **North America sells approximately 49,000 hoists**
- Automobile aftermarket industry is involved in purchasing automotive hoists
- Companies use lifts for **servicing new and used cars, general mechanical repairs, or wheel alignment**
- It is Important for customers to consider the type of hoist required, the brand, the availability, and recommendations when purchasing a lift.
- The typical **hoists product life** ranges from **10-13 years**



02

CHANNEL COST

Cost to sell and distribute 1 lift unit in each
channel





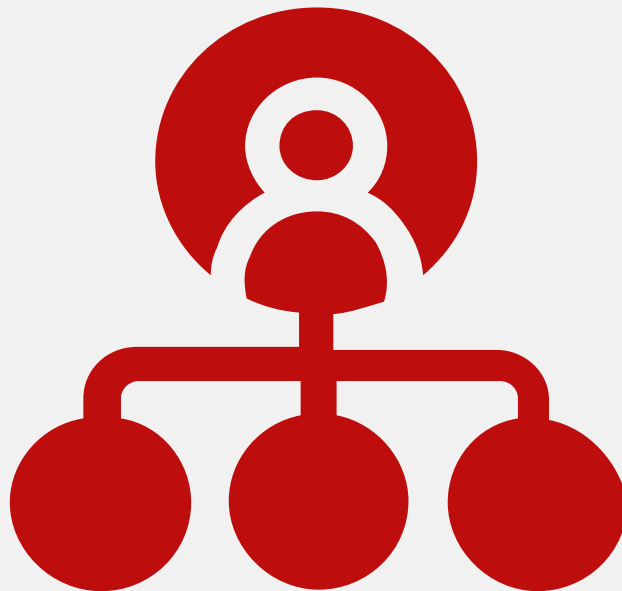
Channel Cost

Channel	Total Costs	Units Sold	Distribution Cost Per Unit	Revenue	Revenue Per Unit
Salesforce	\$ 477,500.00	264	\$ 1,808.71	\$2,901,328.13	\$ 10,990.00
Canadian Distributors	\$ 357,784.00	158	\$ 2,264.46	\$ 1,389,116.88	\$ 8,792.00
U.S. Wholesaler	\$ 1,570,049.60	632	\$ 2,484.26	\$ 5,417,55.00	\$ 8,572.20

03

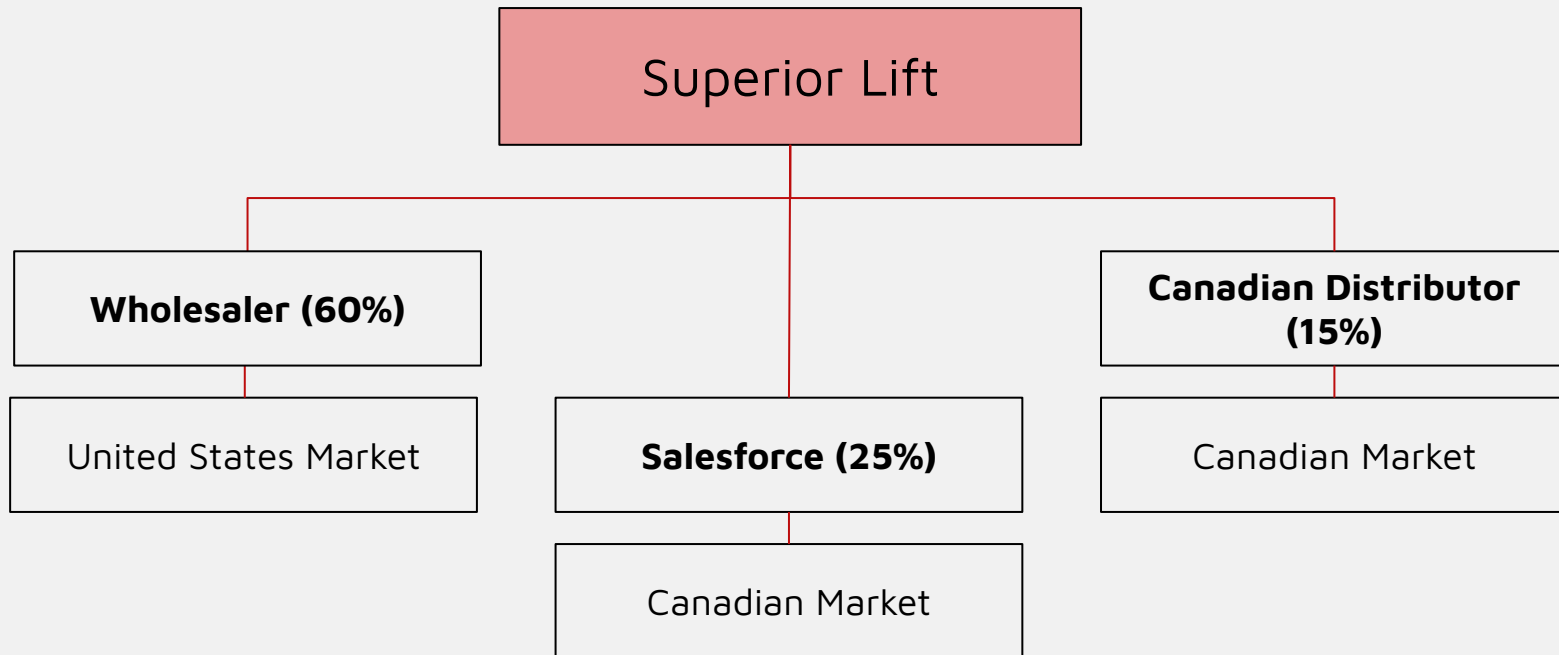
CHANNEL STRATEGY

Channel descriptions, level of sales
productivity, ratio analysis, and conclusion





DISTRIBUTION CHANNELS



DESCRIPTION OF CHANNELS



Wholesaler

- Responsible for selling a **complete product line** to service stations and some **manufacturing equipment**
- Superior Lift is **one of the many lifts** they represent



Salesforce

- **Small sales force + Pigot**
- Sells **directly** to **individual dealers**



Canadian

- **Turnkey operator**
- Focused on **smaller chains** and independent service stations and garages



Ratio Analysis of Distribution Channels



Ratio Analysis	Salesforce	Canadian Distributors	U.S. Wholesaler
Profit Margin Ratio	23.20%	19.05%	17.05%
Revenue Per Unit	\$10,990	\$8,792	\$8,572.20
Contribution Margin Ratio	39.66%	24.57%	23%
Unit Sales Per Capita (Vehicle Registrations)	53,030	88,608	568,182
Cost of Revenue Ratio	16.46%	25.76%	28.98%
Percentage of Total Unit Sales	25%	15%	60%



RATIO ANALYSIS

23.2% - Salesforce

Profit Margin = $\text{EBIT} / \text{Revenue}$

40% - Salesforce

Contribution Margin = $(\text{Revenue} - \text{Variable Cost}) / \text{Revenue}$

53,030 - Salesforce

Number of cars in submarket per units sold





27.228% - U.S. Wholesaler

Percentage of Market Share in North America



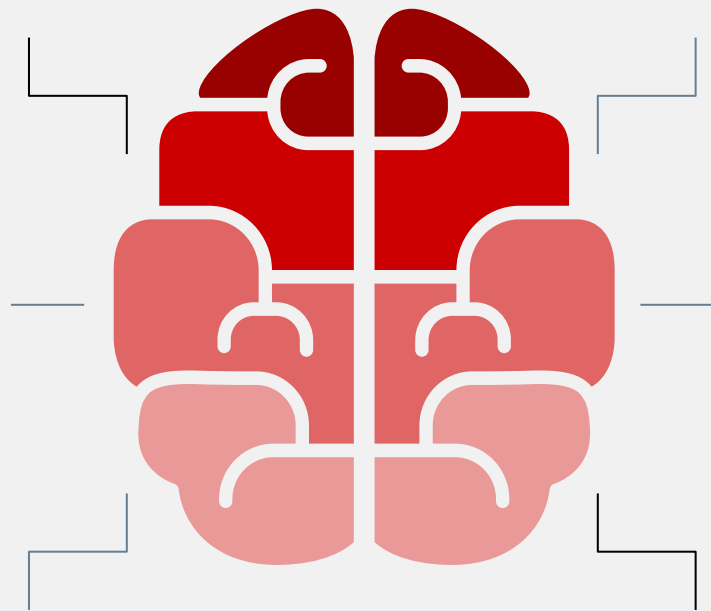
RATIO ANALYSIS

16.46% - Salesforce

Costs of Revenue Ratio = Cost/Revenue (Per Unit)

04

10 MOST IMPORTANT FACTS



IMPORTANT FACTS

- 1. Marketing expenses** included advertising expenses (\$70,000), 4 salespeople (\$240,000), marketing manager, 3 sales support staff (\$220,000).
- 2.** Company **salesforce generates 25%** of the unit sales each year.
- 3.** The **average retail price for Superior Lifts is \$10,990**, and the company receives an average of \$9,210 for each unit sold.
- 4.** There were a total of **2,316** in **unit sales** of **scissors lift** in North America in 2019.
- 5.** On average, the **Direct Channel** received **100%** of the selling price, the **Canadian distributors** received **80%** of the selling price, and the **U.S. wholesaler** received **78%** of the selling price.



IMPORTANT FACTS

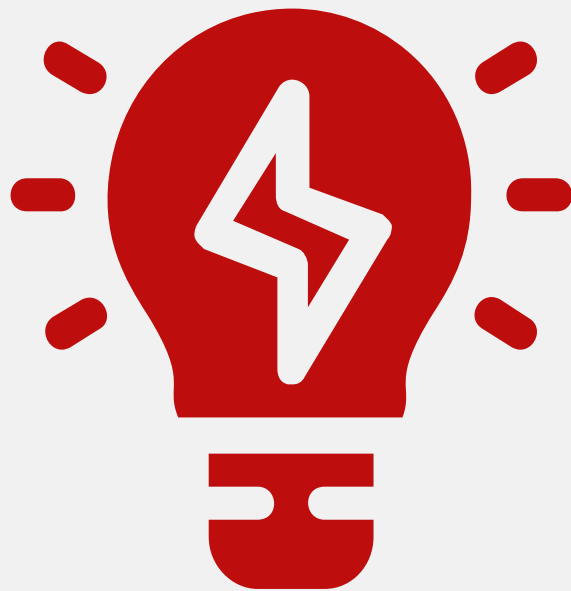
6. Jared Pigot felt the company had **3 potential options for expansion** into the European market including **licensing, joint venture, or direct investment**.
7. In 2019, the company sold **1,054 hoists** and had sales of \$9.708,000, where **60%** of sales were to the **U.S.** and **40%** of sales to the **Canadian market**.
8. As of 2019, there was **only one firm** in **Germany** that manufactured a **scissor-type lift**.
9. With a population of over 330 million people and more than **150 registered vehicles**, the U.S. Market was almost **10 times** the size of the **Canadian Market**, which has a population of 37 million and approximately **14 million vehicles**.
10. Costs involved in **setting up a plant in Europe**: \$250,000 in capital equipment, \$200,000, in caring costs of \$1,000,000 in inventory and accounts receivable, \$80,000 annual building rent including heat, light, and insurance, and \$530,000 for the marketing budget.



05

RECOMMENDATION

Pros/Cons or options, which is best and why



STRATEGIC OPPORTUNITIES

INCREASE UNIT SALES IN THE **U.S.:**

- ♦ Incentivize Wholesaler to “Push” Superior Automotive Hoist Scissor Lift
- ♦ Launch a Superior Automotive Hoist U.S. brand in New York

EXPAND INTO **EUROPE** THROUGH:

- ♦ Licensing
- ♦ Joint Venture
- ♦ Direct Investment
- ♦ Distribution Partnership with Bar Maisse Or Other Distributors



All United States Expansion Strategies



Pros

- Unrealized market potential
- Close to headquarters
- Similar marketing practices to Canada
- Established customer base and brand recognition



Cons

- Large-sized competition
- North American market saturation
- Extensive wait for approval



United States Expansion Strategies

“Push” Wholesaler Strategy



- Increased revenue
- Risk free
- Majority of unit sales
- Customer loyalty



- Wholesaler maybe unwilling
- Cost of incentives

Expand Salesforce



- **Reduced** distribution costs
- Loyalty to Superior Automotive lifts
- Pre-approved by large chains



- **Investment** needed
- End wholesaler relationship
- Time consuming
- Financial risk



All **European** Expansion Strategies



Pros

- Low barriers for entry
- Attractive market potential
- Small-sized competitors
 - Only 1 (German) firm producing scissor lift



Cons

- Potentially large number of manufacturers
- Reputational risk
- Exchange rate fluctuations
- Unknown market / Lack of European knowledge



Expand into **European Market** Options

Licensing Strategy



- **No capital investments** needed
- Additional revenue (Receive 5% royalty fee)
- **Retain assets** for other opportunities
- European market **expertise**



- Royalty less than **historical profit** margins
- Product/service **quality risk**
- Extended lack of European market knowledge
- Conflict between **product offerings**

Direct Investment Strategy



- Retain **ownership**
- Complete **control**
- Retain **quality** control
- Retain market **knowledge**



- Lack of European market knowledge
- **High investment** costs
- Highest risk
- Human capital **opportunity cost**



Expand into **European Market** Options

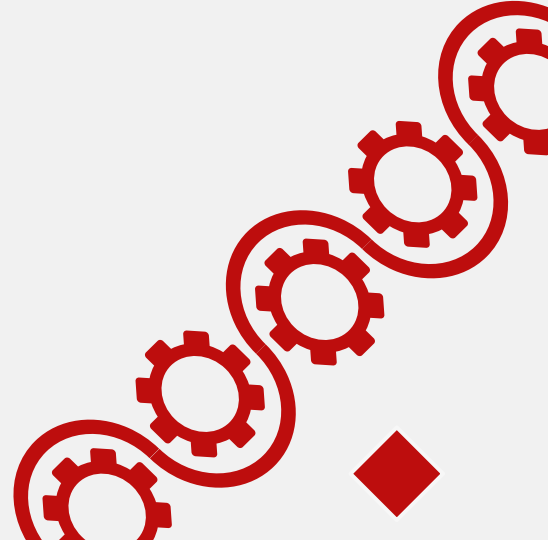
Joint Venture Strategy



- Retain **quality** control
- Retain market **knowledge**
- European **market expertise**
- Target **market overlap**
- French firm with a good reputation



- Potential for **conflict between firms**
- **No contractual expiration**
- Less profit per unit
- Conflict between **product offerings**
- Human capital **opportunity cost**



SUGGESTION

European Expansion: Distribution Partnership Strategy

- **Hybrid between the Joint Venture and Direct Investment strategies**
- Superior Automotive will be responsible for investments and risk
- **Ownership** of the European branch will **remain with Superior Automotive**
- Similar to Canadian Distributors
- Turnkey operators beneficial, but **not required**
- Could be another counter proposal to Bar Maisse.



Pros/Cons of the Distribution Partnership Strategy



- Higher Profit per Unit
- Provides European Market Expertise
- Retain Market Knowledge
- Retain Ownership of European Branch
- Complete Control



- Commission Fees
- Riskier than Joint Venture
- Less Secure (Must secure distributor)
- Human Capital Opportunity Cost
- High Investment Costs



PRODUCT



Superior Lift is a quality automotive hoist

Factors of Superior Lift Include...

- Impressive **design**
- Quality **workmanship**
- **Safety** features
- Five-year **warranty**
- **Ease** of installation
- **Alignment** of turn plates
- **Integral** part of the scissor lift



PLACE



GERMANY

- Favored for both **market potential** and **investment site** opportunities
- The **largest** domestic fleet of **44 million vehicles**
- Highest number of new cars registered in 2017
- **One firm** in Germany that manufactured a **scissor-type lift** (as of 2019)



PRICE



RETAIL

- ♦ The **retail price** was **\$10,990.00**
- ♦ Therefore in Germany our price would be **11,168.59 Euros**

€ 11,168.59



PROMOTION

CATALOGS

Catalogs will be distributed to service centers such as **specialty, new car dealers, and independent garages.** The catalogs will include visual representation of the **products, their uses, prices,** and other necessary information.

TRADE SHOW

Pigot will continue to travel and visit trade shows in Germany to promote Superior Lift.

TRADE PUBLICATIONS

Trade publications are regular publication of **articles that is specific to Superior Lifts niche.** This will provide **advertising** as well.

EXPENSES All of promotion types will be covered in the Marketing expenses of \$ 530,000





MEASURABLE **GOALS**



Future Sales

By the end of the first year, post expansion, Superior Lift will have sold at least **151 units** equalling a **7.5%** market share.



U.S. Wholesaler

They should **increase sales** by **10%**. Currently they are at 632 units, with the increase they will be at **695**. Incentives will be considered when asking for this.



Germany Distributors

By the end of the first year, post expansion, Superior Lift should aim to have at **least three** Germany based distributors.

Future Sales Table



	PESSIMISTIC	NEUTRAL	OPTIMISTIC
Market Share After Launch (1 Year)	5%	7.5%	10%
Estimated Scissor Life Market of Aggregated Countries	2009	2009	2009
Growth Rate	20.795%	20.795%	20.795%
Estimated 2020 Units Sold	100	151	201
Estimated 2021 Units Sold	121	182	243
Estimated 2022 Units Sold	146	220	294



WHY

1 Expanded Market

2 European Market Appeal

3 Smaller Competitors

4 Opportunity Cost of Decisions

5 Preservation of Company and Quality

6 Marketing Guidance

Thank you!



Do you have any questions?

