

# Startup: Global Auto Enterprises

## Market Segmentation & TAM

### 1. Description

Global Auto Enterprises (GAE) is an auto parts distributor based in Miami, FL. We import small auto parts and auto accessories from China and sell them through direct sales, website, and franchisees to small auto parts retailers in US.

### 2. Market Segmentation

**Market Opportunity:** Established in 2008, GAE has acquired a network of 2,750 suppliers in China and 3,800 small auto parts retailers in US. With the expansive network, GAE has the ability to bridge the gap between those two parties. GAE can consolidate the demands of small auto parts retailers in US and generate a large volume for Chinese auto parts suppliers. As the mark-up and distribution channels are cut down, GAE can reduce the cost significantly and sell directly to small auto parts retailers with discounted price. At the same time, GAE will increase the

profit of its suppliers by increasing their sales revenue and marginal profits. GAE experience of building and maintaining face-to-face customer loyalty will ensure its ability to expand existing customer base and acquire new territories in a short-time period.

**Market Size & Customers:** GAE's target customers are independent auto parts retailers. An independent auto parts retailer generally refers to a privately owned auto store as opposed to those owned publicly through a distribution of shares on the market. Independent businesses most commonly take the form of sole proprietorships. "Independent" is frequently used to distinguish one-of-a-kind businesses from corporate chains or conglomerates.

Most auto part stores, percentage wise, are solely owned by individuals who may or may not operate under national names such as NAPA. For example, an independent auto parts store in Winder Georgia is legally named Winder Auto Parts, Inc., but they operate under the name of NAPA Auto Parts.

**Beachhead:** GAE has already established a network in 17 states of the southeast region, which will be the beachhead market to focus on. With average annual revenue of \$2,000 from a single store and 500 stores per state, the beachhead markets will generate annual gross sales of \$17 million.

## TAM

The overall auto parts wholesaling market is \$1.25 billion in annual revenue, with \$7.5 billion profit and 9,682 current players. The demand includes a broad line of products such as performance parts, electrical/electronic components, powertrain system, thermal systems, and other parts etc.

GAE will focus on the 9.2% segment providing small auto parts and accessories. This segment transfers to a market size of \$115 million annual revenue.