

I. Business Description

A. What we offer

1. Used automobiles
 - i. Cars, trucks, SUVs, and motorcycles
 - ii. Specializing in cars less than 7 years old
2. Auto detailing
3. Oil changes, tire rotation, and basic repairs

B. Industry review

1. Current market status
 - i. Demand for used cars over new cars
 - ii. Lifespan of used cars
 - iii. Income level of average used car buyer
2. Pros and cons of the used car business
 - i. With increasing technology lifespan of cars is on the rise
 - ii. High turn-over rate on each sale
 - iii. Current economic state favors used cars over new cars
 - iv. Why would a customer buy from us rather than from any other used car dealership
 - v. Hard to make an honest name
3. How we plan to overcome the cons
4. Barriers to entry

C. Source of products

1. Dealer auctions

- i. Scouting and reviewing current dealer auctions to find honest prices on quality products
- ii. Research on what auctions to go to for what model or makes of cars

2. Trade ins

II. Market

A. Customer base

1. Who the customer is

- i. Age range
 - a. 30 to 50
 - b. 18-25
- ii. Income level
 - a. Middle to upper middle class
 - b. College student on loans
- iii. Single or married
 - a. Married
 - b. Single
- iv. Lifestyle
 - a. Luxury family lifestyle on middle class budget
 - b. Outbound college students

2. Where the customer is
 - i. Columbiana, Trumbull, and Mahoning county area
3. Why this demographic
 - i. Most money
 - ii. Possibly buying cars for children
 - iii. College students need cars

B. Customer needs

1. Quality automobiles
 - i. We specialize in used luxury vehicles
 - ii. Also offer quality economy vehicles
2. Competitive prices
 - i. Buying our automobiles cheap at auctions
 - ii. Offering good trade in value

C. Industry

1. Description of current state of used car industry
 - i. Current state of economy yields higher demand for used cars over demand for new cars
 - ii. Improved manufacturing quality prolongs car life.
2. Projected description of the future of used car sales
 - i. Economist predictions for future of economy and its effects on our market.

- ii. Speculations of gas crisis and effects on market for older cars.

D. Business location

1. 490 Main Street Canfield, OH 44406

- i. Cost to rent (\$1,976 monthly to rent)
- ii. Advantages of location
 - a. Suitable to our needs(formerly a vintage car dealership)
 - b. Affordable monthly rate
 - c. Upscale locale
 - d. On frequented route
- iii. Disadvantages of location
 - a. Local competition
 - b. More room would be better

III. Competition

A. Area Competitors

1. Two used car dealerships in Canfield

- i. Armando's Inc.
 - a. Specializes in high class cars(Porsche, Ferrari, Mercedes...)
 - b. Appeals to a higher income class than HEAT auto
- ii. Fairway Ford

- a. Chain of auto dealerships
- b. Sells only Ford cars new and pre-owned
- c. As a branch of a larger corporation they will not have the same quality of customer care and satisfaction that HEAT auto offers

2. Used car dealerships in neighboring communities

- i. Lake Milton Auto Sales
- ii. Direct Sales and Leasing
- iii. JR's Auto City
- iv. Ray's Auto Sales
- v. George Landis and Associates

B. Strengths and Weaknesses

1. Strengths

- i. Quality service and staff
- ii. Competitively priced cars
- iii. Diverse financing possibilities

2. Weaknesses

- i. Many established dealers in area
- ii. No recognition
- iii. New to the market

C. Dealing with competition

1. How we will stand out in the market
 - i. While it is hard to be unique in a this market we plan to use a small gimmick upon our startup to make our name known
 - a. Hawaiian theme
 - i. Hot deals on hot wheels
2. Equal service for everyone
 - i. No customer too small
3. Quality service
 - i. Customer satisfaction leads to customer loyalty
 - ii. If we don't have the car we can help you find it

D. Pricing

1. Offer reasonable pricing with room for bargaining
2. Keep track of other area dealer's prices and stay within value

IV. Advertising & Promotion

A. Advertising campaign

1. Internet advertising
 - i. Ad space on Autotrader.com
 - a. Buying ad online includes space in Autotrader magazine

- b. For slightly higher price can
customize pages with our Hawaiian
logo

2. Direct mailing

- i. Through Fed-Ex Kinko's direct mailing
program
 - a. Cheap and effective
 - b. Room for specifics about current
stock
 - c. Able to incorporate Hawaiian theme
onto direct mailing flyers

3. Word of mouth

- i. Most effective form of advertising for used cars
- ii. Quality service leads to satisfied customers
providing free advertising

B. Reaching the right audience

- 1. Autotrader.com is already an established icon in the used car
market
- 2. Direct mailing allows us to specify the right demographic to mail
to

C. Costs of advertising

- 1. Autotrader.com
 - i. Charged per listing and amount of content

2. Direct mailing

- i. Charges vary on amount of mailings and location

3. Total costs

V. Financial & Human Resources

A. Form of Business

1. Partnership

- i. Owners (Awad, Testa, Earle, Hammond)
- ii. Why we chose this form

B. Sales projections

1. Auto sales

- i. Roughly estimating 2 sales per week at an average profit of \$2500 per sale over 52 weeks
= \$260,000 yearly

2. Auto detailing

- i. Roughly estimating 1 detailing customer per day at an average profit of \$100 per customer over 365 = \$36,500 yearly

3. Total Sales Projection

- i. Based on VERY rough estimates we conclude an average annual revenue of \$296,500

C. Costs

1. Start up costs

- i. Sunk costs
 - a. Dealer license, HEAT Auto sign for lot, furnishing for offices and lot
- ii. Recurring costs
 - a. Rent, utilities, stationary

2. Ongoing expenses

- i. Buying products
 - a. Automobiles
 - i. Assuming between \$2000 and \$6,000 per car
 - b. Tools, vacuums, shampoo
 - i. One or two vacuums, shampoo covers up to 3 cars per bottle for around \$12 a bottle

D. Partner responsibilities

- 1. Earle
- 2. Awad
- 3. Testa
- 4. Hammond

E. Employees needed