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2007 Auto Aftermarket Distribution Survey!

In the May newsletter of *Aftermarket Analyst*, they asked their thousands of readers to participate in their annual survey. This year's topic was the changes underfoot in the traditional three-step distribution of automotive accessories. Their data provided a wealth of information on aftermarket distribution, and it verified their claims, of the beginnings of a dramatic shift away from three step distribution to two-step (or less). Below is a list of the more significant findings:

1. Manufacturers believe three-step distribution is on the way out.

Manufacturers were asked, "Do you agree that three step distribution is gradually being phased out by the two-step system?" A shocking 79% of respondents agreed with that statement with 18% being unsure.

2. A Majority of manufacturers have not begun to sell around Warehouse Distributors (WDs), but for those that have, its been a success.

Most manufacturers (63%) have not altered their distribution methods to sell around the larger WDs; however, for those that have done so, the transition has been a success. Of those altering their distribution methods, only 6% of respondents deemed the strategy to be unsuccessful.

3. Manufacturers are experiencing stagnant sales through WDs.

Of those manufacturers strictly selling through three-step distribution, sales are stagnant. 47% report a decrease in sales, 42% report an increase in sales, while the remaining 11% report same sales.

4. Manufacturers are very pleased with their sales through other distribution channels (direct to jobbers, installers, and consumers).

Manufacturers are not limited to a single distribution channel. Selling through WDs represents only one of the ways for these manufacturers to reach their customer. 55% of manufacturers also sell directly to jobbers, with 93% deeming these efforts successful. Sales direct to jobbers average 27% of the company's revenue and on average manufacturers have been selling through the channel for 11 years. 55% of manufacturers surveyed sell directly to automobile dealers/installers, with 75% reporting success. Sales direct to automobile dealers/installers average 20% of the company's revenue and manufacturers have been selling through the channel for 7.5 years on average. 43% of manufacturers sell direct to consumer and 75% of these believe this direct channel is successful for them. While this channel is still in its infancy, as evidenced by the limited average time (3 years) that these manufacturers have sold through it and the resultant average contribution of only 5% of sales, it is by far the fastest growing distribution channel.

5. Distributors are concerned about manufacturers selling around them.

60% of distributors admitted they were concerned about manufacturers selling around their distribution channel.

6. Distributors are unsure about the future of three-step distribution.

In response to the question, "Do you agree that three-step distribution is gradually being phased out by the two-step system?" distributors exhibited greater uncertainty than manufacturers. 40% agreed with the statement and only 10% disagreed with the statement, while 50% were unsure as to the future of three-step distribution.

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