

An Open Letter

by Michael Kunzman, *Michael A. Kunzman Assoc.*

After reading your article "2007 Auto Aftermarket Distribution Survey" in the last issue of the newsletter, I felt the need to respond.

I think their survey must have been taken by non-PWA member manufacturers and the statement that asked "thousands" of readers to participate doesn't actually tell me who answered their survey. If you think about this, of the thousands of "manufacturers" in our industry, about 400 or so have actually created enough consumer demand to cause distribution to invest their inventory dollars in the vendor's products, in quantities, and stock them on their shelves. While thousands more have not created enough demand to warrant such investments. Some manufacturers don't believe enough in consumer demand and some just haven't been able to put the funds aside in their budgeting to advertise to the consumer.

So the rest do what they can to survive and selling directly to consumers does create some cash flow to keep their operations going. Many of us have been around long enough to remember and realize that this

is how many companies got their start and still do. The vendor must do each sale. It is costly, but necessary.

Distributors offered a more efficient means of getting product to the marketplace and still do. They buy in quantity from a vendor and work hard to keep all desired product on their shelves, available for immediate sale. This is something many manufacturers just cannot do (that is, have every sku available for instant gratification).

I hope that our readers are not swayed by the vast numbers of manufacturers who sell direct to consumers or jobber/retailers, thinking that this is the way for the future. All the sales of those that do sell direct, account for no more than 5% of the total of all sales according to the article. I think that tells the story.

Distribution evolved because it is the most efficient means of getting vast quantities of products to the market place. Consumer demand is THE key element to success.

Just the ramblings of an old gear head. Best wishes for a happy and a healthy new year.

An Open Letter

by Bill Latham, *Central High Performance*

Sadly it becomes a self fulfilling prophecy when so many manufacturers believe in the demise of 3 step distribution and in turn continue to create a playing field that is so tilted in favor of 2 step distribution from the lack of unilateral pricing policies/enforcement.

One is forced to ask of these advocates just how many have ever worked a retail counter, how many have dealt with returns from end consumers, how many have passed basic economics 101, how many have been on the ground truly building sales and how many have only learned the theory of marketing but not customer service.

My analogy is that it takes foot soldiers to win any conflict (in this case, being in front of the customer and giving him the tools and margins necessary to remain a viable business partner). Conflicts can never be won by an air force operating from too far distance as history has proven at least five times in the 20th century alone.

On a side note, I just noticed in today's newspaper a note that internet direct sales grew at the lowest rate ever during the past holiday season. Does this mean anything?

eTOOL DEVELOPERS HIRES JOHN ZINN AS PRESIDENT

eTool Developers is proud to announce the hire of John Zinn as the new President of eTool Developers. John comes to eTool Developers with 15 years of experience in the automotive aftermarket that began with a fierce love of American muscle cars as a teen. Over the years, John has had a great deal of experience in the aftermarket industry including retail, manufacturing, distribution, and publishing experience as well as web site, forum, and e-commerce development, implementation and management. Most recently the Director of Marketing at Stillen, John brings an exceptional blend of real-world knowledge and hands-on experience to his position as President, eTool Developers.

"eTool Developers has experienced a year of exponential growth", said Luanne Brown, CEO of eTool Developers. "The combination of the expansion of our industry relationships, project-development growth that includes the completion of many aftermarket websites and the PWA University, along with my public speaking and travel schedule has made it imperative that we hire a suitable candidate for the position of President. John brings a 'hands-on' style of management that is impressive. He is an experienced, knowledgeable, well-respected aftermarket professional and his unique contribution will allow us to take our company to the next level without sacrificing the personal attention that our clients have come to know and expect".