

Finding The Quickest Route to Your Customer

AUTOMOTIVE NEWS WORLD CONGRESS JANUARY 16, 2007



Three parts to this challenge

1. Delivering the message (Marketing, Advertising, POP Materials, Sales Promotion).
2. Delivering the product (Distribution & Logistics).
3. Ensuring that the product exceeds the expectations of the customer (Quality, Design, Engineering, Ease of Installation, etc....).

The supplier of the future will be called upon to master all three areas in order to maximize their success.

Trends in Delivering the Message

- Overall Population Growth

USA Population in 2030 will be about 370 Million People

- Increasing Minority Group Purchasing Power

Asian American purchasing power is now about 427 Billion Dollars.

African American and Hispanic purchasing power in the United States are each now about 800 Billion Dollars.

Trends in Delivering the Message (CONT.)

- Increasing Purchasing Power Among Women

WOMEN INFLUENCE THE PURCHASE OF.....

- 94% of home furnishings
- 93% OTC pharmaceuticals
- 93% food
- 92% vacations
- 91% of new homes
- 89% bank accounts
- 85% auto purchases
- 81% riding lawn mowers
- 80% healthcare
- 66% PCs
- 57% consumer electronics

Trends in Delivering the Message (CONT.)

- Increasing Teen Age Purchasing Power
Teenagers influence 670 billion dollars in parental spending
- Leading Edge of the Baby Boomers Beginning to Retire
78 million baby boomers with plenty of options

Conclusion: We must deliver the message to more people and more types of people in the future and still do it cost effectively.

Obstacles to Delivering the Message

- Increasing Vehicle Complexity
- Training Issues & Skilled Worker Shortage (DIY and DIFM)
- One Size Fits All Marketing Will Not Work
- Internet as a Source of Information....and Misinformation!
- Language Requirements

Conclusion: There will be more information to deliver but with fewer trained people to do it.

One Possibility.....

Modular message residing in information pools, that can be quickly and easily assembled and tailored to specific target groups.

Trends in Delivering the Product

"The concept is interesting and well-formed, but in order to earn better than a 'C', the idea must be feasible."

--A Yale University management professor in response to Fred Smith's paper proposing reliable overnight delivery service. (Smith went on to found Federal Express Corp.)

- Lean Manufacturing & Lean Distribution
- Selling Costs are Being Transferred Upstream
- Decreasing Numbers of Jobbers and WDs
- Shorter Supply Chains to Market
- Rapid Product Development
- Generally Low B2B Electronic Integration & Capabilities in Automotive Aftermarket & No Industry Information Standard
- Increasing Collaboration and Strategic Partnerships Among Suppliers

One Possibility

Shared distribution and logistic resources
between non competing suppliers

Trends in Ensuring the Product Exceeds the Expectation of the Customer

- Rise of Consumerism
- Increases in Discretionary Income
- Quality System Improvements in the Aftermarket
- Aftermarket vs. OEM Quality
- Proliferation of Vehicle Applications
- Modular Thinking for OEM and Aftermarket Products
- Strategic Partnerships to Lower Product Development Cost

THANK YOU!