

Contents

Acknowledgments	vii
About the Author	xi
Foreword	xiii
Introduction	1
Seeing the Big Picture	2
Applying <i>Facing the Forces of Change</i> to Your Company	6
Executive Summary	9
Chapter One: Private Label Products	9
Chapter Two: Demand-Driven Channels	10
Chapter Three: New Profit Models	10
Chapter Four: Connected Customers	11
Chapter Five: Emerging Trends	11
Chapter Six: Construction Markets	12
Chapter Seven: Industrial and Commercial Markets	12
Chapter Eight: Retail Consumer Markets	13

PART ONE: Trends Changing Wholesale Distribution 15

CHAPTER ONE: Private Label Products 17

Summary 17

Many Wholesaler-Distributors Will Market Their Private Label Products 18

Global Sourcing Is Accelerating Private Label Growth 20

Private Label Products Will Strengthen Distributors’ Relationships with Customers 23

Private Label Growth Will Strain Distributors’ Relationships with Suppliers 26

Action Ideas 27

Questions for Management Discussion 30

CHAPTER TWO: Demand-Driven Channels 31

Summary 31

Demand-Driven Channels Come to Wholesale Distribution Channels 32

The Wholesale Distribution Order Stream Will Be Automated 34

Suppliers Will Gain Visibility into Wholesaler-Distributors’ Product Movement Data 36

Wholesaler-Distributors Will Gain More Visibility into a Customer’s Product Usage 38

Wholesaler-Distributors Will Adopt Automatic Product Identification Technologies 40

Manufacturer Strategies Will Hold Back Demand-Driven Channels in Some Lines of Trade 43

Action Ideas 44

Questions for Management Discussion 47

CHAPTER THREE: New Profit Models 49

Summary 49

Wholesaler-Distributors Will Generate More of Their Margins From Suppliers 50

Channel Compensation Will Migrate to Pay-for-Performance Models 53

Demand-Driven Channels Will Enable Pay-for-Performance Models 54

Wholesaler-Distributors Will Emerge as the Preferred Fee-for-Service Logistics Providers 56

Logistics Companies Will Struggle to Compete with Wholesaler-Distributors 58

Fee-Based Services from Wholesaler-Distributors Will Keep Growing 60

Action Ideas 64

Questions for Management Discussion 68

CHAPTER FOUR: Connected Customers	69
Summary	69
Business Will Use the Internet in the Same Ways Consumers Do	70
Many (But Not All) Customer Interactions Will Migrate Online	71
Wholesaler-Distributors' Marketing Budgets Will Move Online	76
Customers Will Get Independent Pricing Information Online	79
Customers Will Collaborate Via Online Forums	80
Manufacturers Will Expand Direct Online Customer Interactions	83
Action Ideas	85
Questions for Management Discussion	90
CHAPTER FIVE: Emerging Trends	91
Summary	91
Acquisition Activity	91
The Changing U.S. Workforce	96
A Slowdown in Commodity Prices	99
PART TWO: Detailed Results by Major Markets	103
CHAPTER SIX: Construction Markets	105
Summary	105
Market Overview	106
The Role of Wholesale Distribution	109
Trends for Construction Markets	113
CHAPTER SEVEN: Industrial and Commercial Markets	123
Summary	123
Market Overview	124
The Role of Wholesale Distribution	129
Trends for Industrial and Commercial Markets	132

CHAPTER EIGHT: Retail Consumer Markets	143
Summary	143
Market Overview	144
The Role of Wholesale Distribution	146
Trends for Retail Consumer Markets	150
Appendix A: About This Report	157
Appendix B: Market Groups for NAW Member Associations ..	159
Appendix C: Wholesaler-Distributor Revenues in Selected Machinery and Equipment Lines of Trade	167
Endnotes	169