

Increased E-tailing in Auto Parts Channel Presents Distribution Challenges

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Electronic retailing, or e-tailing, is the fastest growing trend in the automotive aftermarket, according to the Auto Care Association. The shift to e-tailing in the automotive aftermarket will grow at about 17 percent a year during the next 20 years, from a \$6 billion market in 2014. Given those numbers, auto parts e-tailing should reach \$13 billion in 2019 and \$24 billion in 2024, the association said.

In many cases, the increase in e-tailing means that suppliers will need to handle more small or one-off auto part shipments due to the growing number of online sales by various channel partners. This will tend to increase the cost of doing business, which is a red flag for any auto parts distributor and manufacturer. Since suppliers are not normally able to charge handling fees for orders that impact their bottom line, they will need to find other ways to make their distribution channel even more efficient in the wake of the e-commerce challenge.

Already living by the mantra of getting “the right part to the right place at the right time,” suppliers will need to look for new, innovative ways to live that motto in a market of increased e-tailing.



One way to address this challenge is for all automotive aftermarket partners to increase their efforts to work together. For example, paint companies could use their jobber network to fulfill direct sales. The companies could sell directly over the Internet and deliver products via their jobbers. For auto parts, jobbers again could serve as fulfillment houses for parts sold on eBay or through other e-tailers.

Of course, if providing the last leg of the delivery chain impacts the primary business of jobbers in negative ways, the suppliers would need to work with them to address this.

One of the keys for aftermarket partners to work together successfully is to improve the supply chain through communication and collaboration. The more manufacturers, distributors and jobbers communicate effectively, the more likely they are to meet the growing challenge presented by e-retailing.