

Mackay & Company Newsletter



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Holiday Greetings

'Twas the night before Christmas
this year of '05;
and hardly a jockey
was willing to drive.

Tucked into their sleepers,
in truckstops galore;
these kings of the road
were all ready to snore.

These truckers had hung up their
old socks just right;
anticipating St. Nicholas
would shortly alight.

Hanging from fender,
air horn and fuel tank;
all set now for Santa,
to unload his bank.

And down he did swoop
With his wish book all ready;
And great, great surprises
For Sam, Jack and Eddie.

"I bring you new engines,
a true Wal-Mart dream;
twelve miles to the gallon,
what a wonderful theme.

And brand new designs,
that will beat EPA;
but will really cost less,
won't that make your day.

And hours of service?
Fuggataboutit, hey;
There was nothing all bad
Doing it the old way.

And fuel prices, sure,
I've worked that out, too;
Starting tomorrow
It's a buck twenty-two.

So slumber on well
Let your dreams drift on cruise;
'Cause you know fully well
That you sure need to snooze

Your socks will be stuffed
When you once again wake;
But it all may not be
Just for real, goodness sake

'Cause you're stuck with the Feds
And the smokies as well;
And your dreams based on Christmas
Just can't seem to gel

There must be some good news
Buried in here;
There is, my truck buddies
Here's to great Christmas Cheer!

20th DataMac Workshop: June 13-15, 2006

MacKay & Company's 20th DataMac Workshop will be held in Oak Brook, IL on June 13-15, 2006. The Wyndham Drake Hotel in Oak Brook, the site of our last workshop in 2003, will again be the site of the workshop in 2006. Those of you who attended in 2003 will recall that the weather was perfect (which, in Chicago, means no snow and no tornadoes) – and we've been assured that we will again be this lucky in 2006.

The workshop format in June will generally parallel formats from previous years, combining presentations, panel discussions and attendee participation throughout. Bob Dieli will once again take the incredible complexities of the economy and lay out

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Challenges Ahead:

Bob Dieli



Bob Dieli

MacForecast, MacKay & Company’s vehicle forecasting service, suggests that changing economic conditions and the advent of a new engine emissions regime promise to make 2006 a challenging year for the trucking industry.

Truckable Economic Activity (TEA), MacKay & Company’s proprietary measure of freight volume, moved ahead steadily during 2005 just as its leading indicator – the Aggregate Spread – suggested it would. However, as Chart 1 shows, we expect TEA’s growth to slow over the course of 2006 reflecting the effects of higher interest rates and rising inflation on aggregate economic activity. Even so, operating rates are expected to remain high throughout 2006.



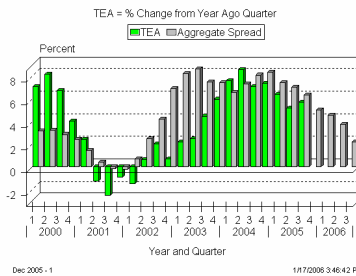
**Mary Stull Gorski
1959-2005**

MacKay & Company lost a great former staff member — and International Truck and Engine lost a very talented sales manager in September. Mary Stull Gorski passed away on September 23rd

The industry will also have to contend with the uncertainty surrounding the introduction of a new engine class in 2007. It is not clear whether buyers will accelerate their purchases of the known technology, which was only introduced in 2003, or whether they will wait to see how well the new engines perform. In either case, it is possible that the pattern of robust Class 8 sales seen over the past several years could change dramatically.

Contact us for full details on how MacForecast can help you bring clarity and confidence to your planning. For more information about the Aggregate Spread and other business cycle forecasting tools visit www.nospinforecast.com.

Truckable Economic Activity (TEA) and the Aggregate Spread



of complications from a brain inflammation, a very sad day for all of us in the truck industry.

Mary joined MacKay & Company in 1985 and served as a market research staff member and manager for several years prior to joining International in 1991. She progressed rapidly through several positions in Parts Operations and moved into marketing in the Truck Group. Mary’s enthusiasm and wit were a spark during her time at MacKay & Company — and decidedly thereafter at International.

Mary was a good friend — and a personal one. She will be sorely missed.

What’s A Customer Worth?

Marketing gurus will tell you that a customer’s worth, whatever it is, is the most valuable asset a business has. No argument with that – that’s the way we feel about our customers. But what is a truck parts customer REALLY worth? That’s another issue – and one where a new MacKay & Company system can really help.

Suppose you had a system where any participating dealer or distributor could plug in a few basic facts and determine for a specific customer exactly what the aftermarket parts potential for that customer is – for a wide variety of individual parts and components. And running your sales data for this truck fleet would give you an excellent handle on how well that account is doing for you.

And suppose that you could measure what any individual dealer or distributor should be generating in aftermarket parts volume for you. And plugging in your sales by product line to this distribution outlet would give you a solid measure of how well that business is doing for you.

If that’s something that interests you – we’ve got the system: **partspotential.com**.

MacKay & Company already has over 200 subscribers to its partspotential.com system. These subscribers are using the system to determine how well – or how poorly – distribution outlets are performing in their respective territories. To measure fleet customer potential, only a few basic pieces of information are needed: fleet vocation, number of vehicles by weight class and age – and that’s about it. It’s easy to use – and it works.

Like to learn more about this system and how well it’s working for others? Just give Dave Fulghum a call.

88 Years Is Worth the Wait!

For at least one group of baseball fans in Chicago, its no longer “Wait until next year!” Next year turned out to be this year for the White Sox – and even some of the Cubs fans were cheering as well. Hey, you take what you can get!

While only a few fans believed that the Sox would go all the way this year, our own economic guru called it from the beginning. Several years ago, Bob Dieli developed a complex (to us) formula of calculating season-end standings very early in the year. And – very early in the season – Bob was calling for the Sox to clearly win both the division and the league.

If you believe in cycles, the next Sox winning World Series appearance will be in 2093. Assuming that baseball lasts that long, you might start putting some money aside for your great-great-great grandchildren’s tickets to this extravaganza! Sounds like “Back to the Future”!



Class 2c-5 Truck Aftermarket Study Nearly Wrapped

The last piece of the truck aftermarket is about to fall into place. MacKay & Company’s multi-client study of the Class 2c-5 truck aftermarket is all but “in the can”. As you read this, the last data tabulations are being run and analyzed and the report segments are starting to appear. By the end of January, each of the companies participating with us in this important program will have the complete scoop on this large and rapidly growing segment of the truck aftermarket.

Research with owners and maintainers of Class 2c-5 trucks has been conducted primarily by mail surveys. Four separate questionnaires were prepared covering all the key parts and components in the 2c-5 aftermarket. Our target was to have at least 600 usable responses for each of these four surveys. By the time all surveys were in, we received well in excess of 900 responses for each of the four survey waves. Kudos to Dean Estrada and his team for working so hard and effectively to generate this broad base of research input.

If serving the large and rapidly growing 2c-5 aftermarket is part of your aftermarket plan – and you’re not yet part of this program – please email or give John Blodgett a call and let him fill you in on the details.

Generation II DataMac Truck Completed

On October 10th, just a year after Generation II DataMac Truck U.S. was released, MacKay & Company released Generation II DataMac Truck Canada. DataMac subscribers already participating in the Canadian program now have a completely compatible core of Canadian aftermarket information directly comparative to their U.S. aftermarket information.

Our U.S. and Canadian data services can now integrate both packages of aftermarket information into a single, coordinated analytical program.

The Generation II program for Canada now has the same optional interactive database that has been available for the U.S. for the past year. Subscribers to both the U.S. and Canadian data services can now integrate both packages of aftermarket information into a single, coordinated analytical program.

Not part of the Canadian program yet? Just give John Blodgett a call and he can fill you in on all the details for both the basic service and the interactive database.

Meet A MacKay & Company Employee

Deirdre M. Burton

Deirdre has been with MacKay & Company since May 2005. Before MacKay, she worked for a temporary agency while attending DeVry University part-time. She continues her education while working for MacKay.

Deirdre is one of the friendly voices in MacKay and Company’s Research Department. Besides recruiting, she assists in writing instructions and proofing surveys. Deirdre will assist wherever she is needed.

Deirdre’s son, Dwain, is a Sr. Airman for the USAF and is currently over in Iraq. He is expected to be home the early part of next year. His wife Marcy, however, is over here and expecting their first child in April. Deirdre looks forward to becoming a proud grandmother. She enjoys coordinating events, reading and listening to music — “I love listening to WMBI-FM, Moody Bible Institute.”



Deirdre Burton

Planning for the Next Decade in Heavy Duty Parts & Service Distribution

In January 2006, MacKay & Company is launching a comprehensive six month multi-client study of the outlook for heavy duty distribution over the next decade with focus points five and ten years out. A number of our clients have suggested that, along with them, we undertake a very careful review of all the trends underway not only in heavy duty distribution – but in other distribution environments that have undergone significant change in the most recent decades as well.

Generally, all believe that the distribution environment with which we will be dealing in the heavy duty industry will be meaningfully different in ten years than it

is today – perhaps even in five years. The objective of this study is to evaluate all the factors that should – or could – impact this distribution environment and put the net result of these changes in perspective for a group of forward-looking industry suppliers.

The study will be based on extensive field research with truck and trailer operators and maintainers, distributors, dealers, technology and communications suppliers, to name a few. The study will also extensively investigate the changes that distribution in several other related and unrelated industries have undergone over the past decades and the impact of these changes on the heavy duty aftermarket over the upcoming decade.

If you would like to review a prospectus for this program, please contact either Dave Fulghum or Stu MacKay.

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DataMac Workshop...

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where he believes we will be headed in 2007 and beyond.

The primary focus of the 2006 workshop will NOT be the impact of the 2007 engines – although this will certainly be discussed. By June, the picture for 2007 should be a good deal clearer than it is today. The workshop will focus on distribution – where it has been, where it is today and where it appears to be headed over the next several years.

Individual presenters, distributor, dealer and fleet panelists will discuss the many aspects of past, current and anticipated future distribution structure, practices and problems.

We look forward to seeing all of you in June.

**DataMac Workshop
June 13-15, 2006**