

# E-Commerce Parts Purchasing Study



Heavy Duty Truck Parts



**MacKay  
& Company**

## **E-COMMERCE PARTS PURCHASING PATTERNS OF TODAY'S MEDIUM & HEAVY-DUTY FLEETS** *(This update study includes additional input from parts distributors)*

**TO BE CONDUCTED IN 2021 BY:**

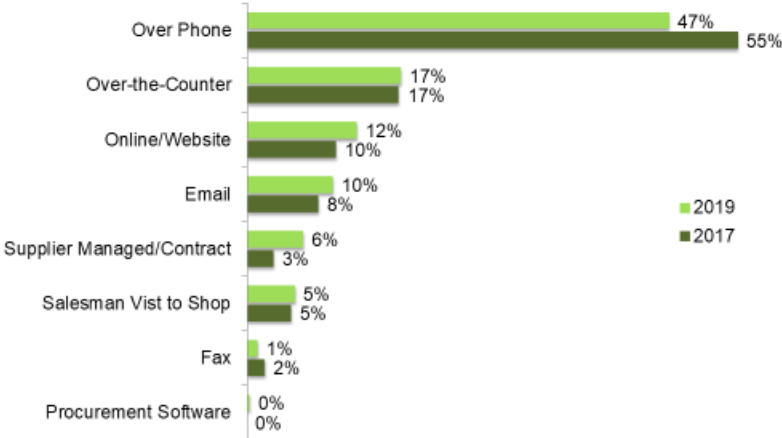
**MacKay  
& Company**

# EXAMINATION OF THE E-COMMERCE PARTS PURCHASING ACTIVITIES IN THE MEDIUM AND HEAVY DUTY VEHICLE UNIVERSE

In 2017 and again in 2019, MacKay & Company completed extensive studies of the e-commerce market for buying replacement parts on medium and heavy-duty trucks, school buses and trailers.

While both studies probed and measured a variety of issues relating to e-commerce and the aftermarket for medium and heavy-duty vehicles in the U.S., the primary goal was to measure the penetration of true online parts buying by fleets. In 2017, the rate of orders purchased online was 10% and this increased to 12 % by 2019 and the expectation was for more growth in the next 3 years (15% by 2022) primarily driven by a reduction of over-the-phone orders.

**Truck and Trailer Parts Orders  
Current Channel  
All Respondents  
2017 vs. 2019**



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There have been some interesting findings in the last two studies, including more use of e-commerce by urban-based than rural fleets. Our initial thinking was that rural fleets would be more open to e-commerce because it would provide access to more resources outside of their local market.

When rural fleets are asked about why they don't order more parts through e-commerce sites, supporting their local distributor was the number one reason. It may be easier to order a filter online, but if the fleet (in this case rural-based) has a technical issue or a tendency to need the part immediately, they don't want that local distributor to go away.

Since the last MacKay & Company E-Commerce Study, the U.S. and the world were hit by a pandemic that upended everyone's lives, unfortunately ended many lives, and disrupted most day-to-day business activities in a variety of ways, including the medium and heavy duty parts aftermarket.

With most people restricted to lock down (at home) for an extended period of time and, in many cases, still working at home, this spurred changes in people's buying behaviors.

The U.S. Census Bureau recorded a 44.5% year-over-year increase in e-commerce retail sales during the second quarter of 2020, the quarter that took the hardest economic hit. Also in 2020, the senior head of digital consumers at Euromonitor International, stated that goods bought online globally grew by 24% while store-based sales declined by 7%.

Vaccinations will lead more consumers to return to physical stores, restaurants, sports and other entertainment in 2021, but this crisis has been a catalyst for changing how business is completed.

In late March of 2020, MacKay & Company immediately began assessing the impact of the pandemic on the aftermarket with a new report called Market Pulse, measuring weekly business activity levels at truck dealerships, independent parts distributors, fleets and component and truck manufacturers.

The report was initially weekly and over time, the primary focus of the report was rolled into our monthly DataPulse Plus Report. One of the interesting findings, although not really surprising given what was going on, has been the increased online parts purchasing by fleets and the reported increases in parts sales online by parts distributors (OE and independent).

The latest monthly measurements from fleets is that their online parts buying is up 0.2% over pre-pandemic levels and this has been up as high as 5%. Truck dealers and independent parts distributors recently reported online parts sales up 4.5 points to 11% compared to pre-pandemic levels. Is this a temporary bump or an acceleration of a trend?

The previous E-Commerce Studies have shown that the opportunity to grow online parts sales for parts distributors is greater with small- and mid-sized fleets as most larger fleets have online systems in place with key vendors. Previous research also showed that most online parts ordering was for inventory restocking and not emergency parts. As David Seewack, CEO of FinditParts.com, recently stated in a *Truck Parts Service Magazine* article, FinditParts provides them (fleets) with a resource to supplement their purchasing but acknowledges the site still can't replace the distributor down the block who can deliver a part in an hour or less.

## THE STUDY OBJECTIVES

Our third examination of this market will take an in-depth look at current channel utilization by today's fleets to gain a better understanding of the current and future e-commerce parts purchasing activities.

Have online sales gained share more quickly? What has been the impact of the pandemic on online parts sales? What role does e-commerce play beyond being another channel or ordering a part? The "norms" in online purchasing have been in place for some time—shopping cart options, competitive pricing, testimonials, navigable sites—what are the new requirements? From fleets' perspectives, what works and what doesn't work?

### **Additional objectives and issues to be addressed by fleets include:**

- Who is the online buyer? How do millennials differ from Gen Xs or Boomers?
- What parts are most frequently purchased online?
- Does their company have centralized purchasing? If so, how does that impact parts purchases?
- What channels do fleets use for online purchases and why?
- Do fleets reference component manufacturers' websites to assist in their purchasing of parts? If yes, how?
- How do fleets find their online parts sources?
- If fleets are not using online purchasing, why not?
- In addition to parts purchasing, what data, invoicing and software integration is a necessity for online sources to provide?
- What online support is required and expected to ensure return customers?
- Who (title) is responsible for purchasing parts? Purchasing parts online? How old is the person responsible for parts purchasing?

- What e-commerce channels are fleets currently using when purchasing medium and heavy duty truck parts online?
- Have fleets made changes in online sourcing? If so why?
- Why do fleets choose the e-commerce channels such as a general website (like Amazon), or a site specific to truck parts (FindItParts), etc.? In the future, through what additional channels do fleets consider purchasing parts?
- What are delivery expectations when purchasing parts online?
- Do fleets ever order online and pick up the part in person? What drives this method of delivery?
- Why do fleets choose to purchase parts online versus from a local channel?
- What services beyond parts purchasing are incentivizing fleets to purchase through online channels? (These activities may include accessibility to data, electronic invoicing and service event data records, to name a few.)
- How important are these additional services? Are there other services that fleets wish were included?
- Do fleets purchase any parts directly from manufacturers through online ordering?
- What types of parts are fleets purchasing online?
- What are future expectations for online purchases by fleets?

***This list is not all inclusive or final – it will be revised to meet the request of study participants.***

## **THE SCOPE OF THE STUDY**

- U.S. and Canada (Canada will be included and profiled separately if there is enough interest.)
- Medium and heavy truck (Class 6-8) industry

## **Key Study Activities**

1. Discussion with all study participants to ensure that key objectives are addressed. Add additional objectives to meet clients' needs.
2. Interviews with fleets to address key questions.

3. Interviews with parts distributors to address key questions.
4. Conduct extensive secondary research.
5. Complete two online focus groups with representatives of fleets (focus groups of 5-6) to better understand their use (or non-use) of internet and online parts purchasing sites for their aftermarket needs.
6. Develop and implement a broad-based survey of fleets (all types from owner operators with one or two trucks to for-hire-carriers with 1,000 plus tractors). The target will be 600-700 completed surveys.
7. Develop and implement a broad-based online survey of parts distributors. The target will be 100 completed surveys.
8. Use of MacKay & Company's aftermarket knowledge, existing databases and analytical expertise to develop aftermarket sizing and models.

## Key Deliverables

### 1. Report

A final report will include a review of the methodology, a profile of the survey respondents, an executive summary, and a detailed profile of this specific aftermarket by product category.

### 2. Focus Group Access

Purchasers of this study will have the opportunity to view and participate (anonymously) in at least one of the online focus groups. Both focus groups will be recorded for all participants to view.

### 3. Presentation

We will conduct a webinar to share the findings of the report with ample time for questions.

## What's New?

This third study conducted by MacKay & Company on this topic will include three new activities:

1. Focus groups to allow for client participation, deeper probing.
2. Research conducted with parts distributors.
3. Addition of Canada if there is enough interest.

## STUDY PARTICIPATION

Participation in this study is open to any company that has an interest in better understanding the e-commerce parts purchasing patterns of today’s fleet.

Participation in this multi-client study is \$14,750, payable in two equal payments: one at the beginning and the second at issuance of the final report. Current DataMac® Truck & Trailer U.S. subscribers and those companies who participated in our 2019 E-Commerce Study will receive a discount of 15% (total price of \$12,500).

Pricing is unchanged from the last study. There is an option to include Canada for an additional \$7,500. Same price for everyone. If Canada is the only market of interest, the pricing above for U.S. would apply.

## PROJECTED STUDY TIMELINE

Activities	Complete by*	Payment
1. Gain Client Interest and Commitment	June 15	July 1
2. Set up and complete focus groups	August	
2. Develop Surveys	September 1	
3. Conduct Survey	September 1– October 15	
4. Conduct Secondary Research	July-October	
5. Analyze Findings	October 15- November 15	
6. Issue Final Report	December 15	December 15
7. Present Findings to Clients	After Report Release	

\*Timing dependent on participation commitments

## WHY MACKAY & COMPANY?

MacKay & Company is a specialized management consulting and market research firm. With headquarters in suburban Chicago, the company's focus since 1968 has been, and continues to be, commercial on-highway vehicles, farm field machinery, construction equipment and related components such as engines and transmissions. The scope of the practice includes analyses of original equipment and aftermarket potential, strategic options, distribution policies, product introduction, quality management, acquisitions, and a range of related subjects.

Based just outside of Chicago, Illinois, MacKay & Company has 14 employees and has a network of recently retired industry contacts and specialized industry consultants that MacKay & Company can tap into as needed for research and consulting projects. MacKay & Company highlights these individuals on our website as part of our Resource Board.

MacKay & Company also maintains relationships with firms like ours in Europe, Brazil, and Mexico. MacKay & Company's client base includes major original equipment manufacturers and component suppliers in these markets.

More information about MacKay & Company can be found at [www.mackayco.com](http://www.mackayco.com).

## MEET THE ASSIGNMENT TEAM

The overall assignment will be under the general direction of John Blodgett, Vice President Sales and Marketing; Molly MacKay Zacker, Vice President Operations; Travis Kokenes, Research Manager, Dave Kalvelage, Client Consultant and Senior Market Analyst, Brian VanCamp, Market Analyst; and other MacKay & Company staff members.

**John Blodgett** began working for MacKay & Company in 1994 as project manager overseeing single- and multi-client research projects. Today, he is responsible for client contact for single- and multi-client projects. Prior to MacKay & Company, John worked for John Fluke Manufacturing, Gould Electronics and Syracuse Supply Company (Caterpillar Dealer) in a variety of sales positions.

John received his BS in Interdisciplinary Engineering and Management from Clarkson University and an MBA from Pepperdine University Graziadio School of Business and Management. John has served as vice president of the M.P.S.A. (Midwest Parts & Service Association) and is a member of TMC (Technology & Maintenance Council), AEM (Association of Equipment Manufacturers) and IAC (Intermodal Association of Chicago).



**Molly MacKay Zacker** is MacKay & Company's Vice President of Operations. In this capacity, she coordinates many behind the scenes activities, manages the Research Department, writes and proofreads reports and presentations, and conducts research. Molly holds a Bachelor's degree in Economics and Business Management from Goucher College in Towson, Maryland, and a Master's degree in Early Childhood Education from Western Michigan University in Kalamazoo, Michigan.

**Travis Kokenes**, Research Manager, joined MacKay & Company in December 2007 after receiving his Bachelor of Liberal Arts & Sciences in Communication Studies, with a minor in Business from the University of Kansas. Travis heads our research department and handles data collection and processing for our DataMac® and proprietary studies. He oversees both our phone and direct mail surveys and is responsible for the design of web-based surveys; working with clients to design questionnaires that fit their specific areas of interest.

**David Kalvelage**, Client Consultant and Senior Market Analyst, has been with MacKay & Company since 2002. His primary responsibilities include data analysis and reporting for single and multi-client projects, MacKay & Company's Aftermarket Index Reports, MacKay & Company's DataMac® Tire report, and co-managing MacKay & Company's IT department. He received a BA in Political Science from Iowa State University. While working as a financial consultant at TIAA-CREF, he earned his MBA and MS in Information Systems from the University of Colorado. Prior to coming to MacKay & Company, he worked as a project manager at Lucent Technologies.

**Brian VanCamp** joined MacKay & Company in December of 2020 as a Market Analyst. Brian has 12 plus years of experience in the heavy truck industry and industrial sales / marketing roles. Brian is a hands-on technical learner. He worked alongside service managers, customer technicians, customers and end users while with Hendrickson and BettsHD. He transitioned from a MacKay & Company product user to an author and researcher as he now contributes across multiple products including DataPulse, DataMac® and various multi-client and proprietary projects.

Brian earned a Bachelor of Science in Marketing degree from Indiana University as well as a Master's in Business Administration from Lewis University.

More information on our employees and company can be found at [www.mackayco.com](http://www.mackayco.com).

## FOR ADDITIONAL INFORMATION

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