

# Bridging the technological gap—

## How three distributors are partnering together to reinvent transmission parts distribution



Historically, a distributorship's practice was to source and acquire goods from manufacturers at the best possible price, and then inventory, warehouse and catalog those goods, all while building a strong local customer base. Additionally, competency in providing exceptional customer service and product support were key competitive differentiators.

The success of a business was usually determined by the ability to perform those duties well, while operating efficiently and effectively. The demise of a business was often the failure of maintaining a consistent level of support, while remaining profitable facing never ending parts proliferation, new transmission technologies,

and advanced informational requirements.

Today, the supply chains in the automatic transmission repair market are experiencing four notable industry trends: the continual consolidation of distributors, online parts ordering, an influx of complex data streams, and brand sensitivity by technicians.

In July of 2019, Detroit-based TranzDepot partnered with National Transmission Products (NATPRO) and A&Reds Transmission Parts, two of the industry's leading and most established distributors.

The partnership was formed with the intention to improve parts distribution and information dissemination along the

key avenues of operational expansion, online data management and distribution, assuaging brand sensitivity, and retaining brand product knowledge. Considering such goals, the partnership brings over 70 combined years of industry experience and over 1 million parts available for national distribution to address the ever-changing market trends.

### **Consolidation**

According to Dennis Madden, ATRA CEO, ATRA Supplier membership fell nearly 16% in 2020, continuing a downtrend starting in the late 90s. The downtrend will likely continue as businesses attempt to expand their presence and customer base through strategic acquisitions.

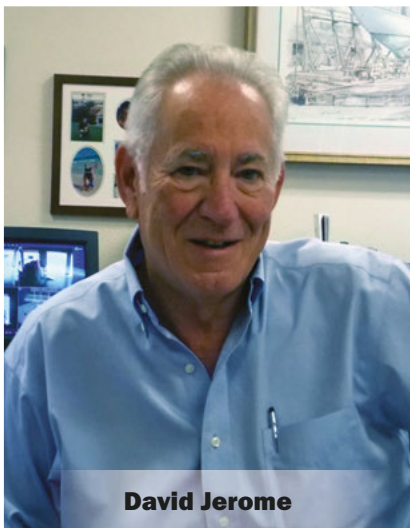
However, despite the shrinking number of distribution outlets, NATPRO has resisted the trend and increased its operations, adding locations throughout the western United States with more expansion planned.

### **Online parts ordering**

Business to business distribution is roughly worth \$6.5 trillion in the U.S., equating to 30 % of the GDP. Five years ago, Amazon had five hundred thousand SKUs in its portfolio, yet today, the number has skyrocketed to almost 350 million. The “Amazon effect” has completely changed the landscape of traditional distribution and wholesale distributors in the transmission repair market are not immune.

While it is still unclear exactly how much online sales have impacted the transmission repair industry, one thing is certain, online sales will only continue to grow.

NATPRO, A&Reds and TranzDepot have invested significant resources to achieve supply chain agility and flexibility through IT integration with robust warehouse and data management systems. Future online distribution across the

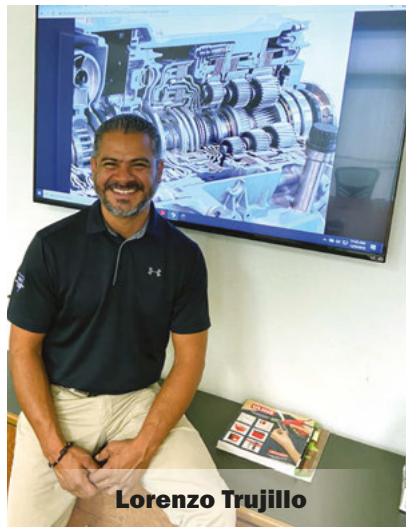


**David Jerome**

partnership will provide a breadth and diversity of parts to rapidly meet growing consumer demands.

### **Data management**

Due to the inherent technical complexity of powertrain components, the ability to deliver accurate and timely product data from suppliers to customers is critical. Having in-house data specialists with transmission-specific backgrounds is imperative. The NATPRO, A&Reds and TranzDepot partnership brings over 70 combined years of industry experience with their staff of seasoned veterans.



**Lorenzo Trujillo**

### **Brand sensitivity**

It is not just distribution experiencing a perceptible change in the last decade, but more strikingly, it is the heart of our industry—technicians themselves that have transformed. The current industry comprises an elite network of highly educated technicians.

“No one is really talking about how advanced our builders have become”, says David Jerome, general manager at NATPRO. “This community is more computer savvy and

---

*“Technicians are much more brand sensitive... Brand plays a significant role in their purchase. They will not tolerate single-source options”*

---

more resourceful than ever before. They are truly experts with vast amounts of technical documentation at their fingertips”.

Lorenzo Trujillo, national sales manager NATPRO adds, “Technicians are much more brand sensitive than years past. They each have a unique recipe of parts for building units. They will specify exactly which brand they want, some down to the component level. It often varies by build type and transmission. Brand plays a significant role in their purchase. They will not tolerate single-source options. If you don’t have it, they’ll simply go elsewhere”.

The surging trend in brand preference is a stark contrast to the past. If a distributor didn’t carry a specific brand or have it in stock, the shop either had to take what was available or order from another supplier. Back then, brand replacement was often more of a nuisance to the builder than a deal-breaker.

Being able to supply a customer with the brand requested can be a daunting task, especially when you consider a typical distributor will have an inventory exceeding 40,000 core parts. Add in each manufacturer and their varying good/better/best offerings, the



**Wendy Merlin**

inventory requirements expand by several orders of magnitude.

“We have to analyze and fine-tune how we manage back end supply chain operations daily”, says Wendy Merlin, operations manager, NATPRO Los Angeles.

With distribution facing a multitude of challenges, developing a proactive strategy to meet the ever-changing needs of customers and the market as a whole is imperative to stay in business. The partnership between TranzDepot, NATPRO, and A&Reds, was born out of a need to provide unprecedented parts coverage with the flexibility to order the brands technicians want.

Successful distribution remains scale-driven and technologically intensive. Developing and focusing on building strategic partnerships is no longer marketing jargon, but the life support of the industry. “If we are to succeed as distributors, we need to partner with organizations whose objectives mirror our own. To become the distributor of choice”, says Jerome.

### **Becoming the distributor of ‘Choice’**

TranzDepot, NATPRO, and A&Reds have also invested in additional IT infrastructure and logistics allowing for the ability to transfer products from any location to meet customer demands.

Combining their expert part knowledge, veteran customer service and sales staff, the partnership shares technological and spatial resources to offer customers greater product diversity with rapid delivery throughout the contiguous United States.

When asked what is the essential characteristic to a successful long-term partnership, Chadd Lester, vice president- sales and branch operations replied, “I don’t think it’s a secret, but to succeed in this business, you must spot and quickly adapt to marketplace trends. The partnership between TranzDepot, NATPRO, and A&Reds allows us strength in unity”.

### **The technological gap**

The distribution channel has been at fault for failing to bridge the technological gap



**Chadd Lester**

between manufacturer and technician. What’s worse, is the fundamental loss in translation of each part’s technical aspects to the technician.

Knowledge of all the built-in technology and product innovations never funnels down to the technician from the manufacturer.

Another of the partnership’s goals is to bridge the technological gap, providing technicians with the knowledge they require for effective usage.

One way the partnership is addressing the gap is as simple as providing products in original packaging. “We don’t want to dilute or hide the manufacturer’s identity behind ours, but rather, we want to promote and focus on manufacturers’ brands”, adds Lester. “Manufacturers add proprietary technology to a product. If you strip away the manufacturer’s labeling, you also strip away the underlying technology and innovations”.

“We want customers to know exactly what they are purchasing, where it was manufactured, and by whom. When you open a NATPRO box, you will see exactly what you are buying with the original manufacturer’s packaging. What you won’t see, is a bunch of subcomponents in a private labeled bag, a big departure from how distribution was done up until recently and even still today”, Lester said.

Providing customers what they want, when they need it, at an acceptable price is a straightforward strategy every successful distributor strives for.



**LOCATIONS**

**Concord, California**

145 Mason Cir # B  
 Concord, CA 94520  
 Phone: (925) 798-8504

**Los Angeles, California**

5151 Heliotrope Ave  
 Vernon, CA 90058  
 Phone: (323) 562-2111

**Ontario, California**

1927 E. Cedar Street  
 Ontario, CA 91761  
 Phone: (909) 443-5920

**Sacramento, California**

4212 Roseville Rd, Suite A  
 North Highlands, CA 95660  
 Phone: (916) 830-4370

**San Diego, California**

675 Gateway Center Drive,  
 San Diego, CA 92102  
 Phone: (619) 281-6600

**Las Vegas, Nevada**

3744 Meade Ave # 12  
 Las Vegas, NV 89102  
 Phone: (702) 247-4150

**Phoenix, Arizona**

1450 N 26th Ave  
 Phoenix, AZ 85009  
 Phone: (602) 415-9509

**Seattle, Washington**

1095 Andover Park E  
 Seattle, WA 98188  
 Phone: (206) 892-3270

**LOCATIONS**

**Wichita, Kansas**

3737 W. 29th S.  
 Wichita, KS 67217  
 Phone: (316) 942-5300  
 Toll Free: (800) 835-1007

**Kansas City, Missouri**

2000 Indiana Ave.  
 Kansas City, MO 64127  
 Phone: (816) 483-7337  
 Toll Free: (866) 780-7337

**LOCATIONS**

**Detroit, Michigan**

654 E. 10 Mile Rd.  
 Hazel Park, MI 48030  
 Phone: (248) 965-8720  
 Toll Free: (800) 381-8058

