

# AFTERMARKET BUSINESS WORLD™

Vendor Newsmaker

Q&A

MIKE PALM

Vice President, Marketing and Sales, CRP Automotive



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What is CRP's four-brand strategy and how has the company used innovation to grow?

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What did Palm have to say?

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## VENDOR NEWSMAKER Q&A: MIKE PALM

By: Krista McNamara  
August 24th, 2012

*Michael Palm is the vice president of Sales & Marketing with CRP Industries Inc. He sat down with Aftermarket Business World to discuss CRP's market position, how they address current industry challenges and the company's four-brand strategy.*

### **CRP Automotive is very uniquely positioned in the aftermarket. How does your role differ from a standard automotive supplier?**

Unlike most aftermarket suppliers, CRP Automotive functions as the NAFTA market business unit for its partners. That means we not only manage the distribution channel, we are also responsible for the marketing and sales of our partners' products. So, we take on the tasks of product development, cataloging, marketing, packaging, importing, warehousing, shipping, and selling. We truly function as their subsidiary in North America.

We have been following this business model since our founding in 1954. Over the past 60 years, CRP has grown dramatically – from a small organization offering 200 sizes of Continental tires to an industry leader that supplies over 15,000 OE-quality replacement parts through the OEM and OES channels, as well as the independent aftermarket. Our product lines include a prestigious list of well-known and trusted brand names such as ContiTech, Pentosin, Rein Automotive, and AJUSA.

We provide our European supplier partners with a gateway to the North American market for their products, while offering our distribution customers high quality product lines, fair pricing, excellent customer service, and exceptional sales and marketing support.

### **What are the main benefits of this unique role to your supplier partners?**

They have the confidence of knowing that once the product leaves their facilities, they continue to be competitive in the marketplace, because we are managing, marketing, and promoting them with the same level of dedication and drive as they would. It also saves them the cost and allocation of resources needed to establish and maintain a separate organization in the NAFTA region.

This offers huge benefits for our partners, because it keeps our interest aligned with theirs. We are looking out for them. In a typical supplier-customer relationship, the supplier is really looking out for their own interests, making sure they get what they need. In our case, we are being very careful about the market positioning for the brands that we sell. As

a partner, we are very concerned in making this a long-term sustainable business for all parties.

### **CRP is a gateway to North America for its European partners. What are the main challenges when servicing the global aftermarket and how does CRP address them?**

The biggest challenge we face with our supplier partners without NAFTA experience is that they underestimate what it takes to be successful in North America. The market may present a huge opportunity, but it is not up for grabs. It is very well served and very competitive. You have to know what you are doing in order to be successful here. Our first goal is to educate our partners on the North American market and show them how to grow their sales. Building a complete program is one of them. Most European auto parts manufacturers do not have a complete program for the U.S. market, or even a complete program for the European cars in the U.S. market.

Cataloging is also a challenge and a lot different than in Europe. We take on the task because we know that you are not going to succeed without it. You have to have EDI in North America, and it is a different format/system than typically used in Europe.

Next is marketing and sales. U.S. customers expect it, and at a high level. They'll distribute our products, but they want us to teach them how to sell and provide the collateral material to help do so. We have a staff dedicated to make sure this happens.

We are very focused on high-quality products and the premium segment of the aftermarket. There will always be someone who costs less, so it is up to us to teach our distributors how to convince the installer that it's worth paying more for our product.

Because there are so many good companies in the U.S., the level of service is also very high. In some cases, significantly higher than what our suppliers typically experience. Our customers expect rapid, accurate orders and a high fill rate. This is a challenge for a European supplier, so we assume that performance requirement for them. Packaging and labeling in the U.S. is very different from Europe, so it needs to conform to industry as well as government standards. Payment terms are also difficult, as are return policies. We assume all those risks.

Another real challenge is the long lead times on products. When your supplier base is in Europe, you're looking at about 10 weeks from order to delivery. However, our suppliers do the bulk of their business with OE factories, and when those factories are going strong, capacity gets tighter and that can impact our lead times. We have a very well defined purchasing process that is supported with a lot of technology systems. And we have a lot of inventory, and that is what our customers expect. When our customers order from us they expect it to be shipped right away with a high order fill and in an accurate manner.

### **What is CRP's four-brand strategy and how has the company used innovation to grow?**

Our strategy is built around four very prominent brands of automotive parts: ContiTech, Rein Automotive, Pentosin, and AJUSA.

**ContiTech® Automotive Belts:** In addition to its established application coverage for major European cars in the U.S., ContiTech has OE application approvals for many non-European makes including Chrysler, Ford, Hyundai, Kia and Nissan through their direct OE efforts. With ContiTech's added OE success and CRP's active product development, we can provide the most complete timing belt kit program available in the market, offering three different kit options. We also offer a complete ContiTech branded belt program consisting of timing belts, timing belt kits, and serpentine belts for all import and domestic makes and models.

**Rein® Automotive parts and accessories:** This is the umbrella brand for a wide range of OE-quality automotive replacement parts that CRP has been supplying to import WDs for many years. From motor mounts to hose assemblies and just about everything in between, the Rein Automotive name stands for consistent and reliable quality. The Rein Automotive program includes A/C parts such as condensers, evaporators, expansion valves, hose assemblies, receivers/driers and accumulators, an Under Car program of anti-vibration parts, axle boot kits, suspension parts and wheel bearings and bearing kits, as well as a new coolant hose program.

**Pentosin® Technical Fluids:** Deutsche Pentosin Werke GmbH (Pentosin) is a leading innovator and manufacturer of high-tech automotive fluids that are approved and recommended for use as both initial fill (OEM) and service refill by over twenty-five international automotive manufacturers. CRP has been Pentosin's NAFTA market partner since 1983, handling all sales and service activities in the United States, Canada and Mexico. The Pentosin program includes antifreeze, brake fluid, central hydraulic/power steering fluid, motor oil, and transmission fluid.

**AJUSA® Engine Parts:** AJUSA is a leading international manufacturer of automotive gaskets, head bolt sets, hydraulic lifters, and camshafts. AJUSA products are made to the highest quality standards and distributed in over 70 countries. With over 3,500 different parts in stock, AJUSA offers the world's largest coverage for European and Asian applications, especially late model vehicles. CRP partnered with AJUSA in mid-2011 and is developing several programs for the marketing and sales of AJUSA product in North America.

In the process of developing effective marketing strategies to build advantages for our brands, we have created very effective programs and pioneered some groundbreaking and innovative initiatives.

For ContiTech, we launched an industry first when we introduced the ContiTech Pro Series Timing Belt Kits. This kit program revolutionized timing belt service because it gave the technician everything that was needed for a successful timing belt service on a specific vehicle in one easy-to-order part number. These kits include the belt, tensioner, idler, hydraulic damper (when applicable), water pump, various seals, and gaskets.

We followed that up by backing up our Pro Series timing kits with an industry exclusive, mileage guarantee that is equivalent to the original car manufacturers' change interval to build even more confidence with the customer.

Wherever possible we've made it a point to add value to our parts by improving on the design. Our water pumps are an excellent example. Some pumps are made OE with plastic impellers. Because of related issues, some technicians prefer a metal impeller, so we offer kits with a choice of plastic or metal. We let the customer make the choice that best meets their needs.