

# Report predicts distribution to rebound sharply in 2004

**W**holesale distribution executives have faced a challenging and uncertain economic environment over the past few years. Major challenges have included a weakened domestic manufacturing base, a slowdown in construction activity, slow or no growth in product prices, volatile capital markets, and the ongoing risks of global terrorism. Looking ahead, 2004 promises a major recovery for wholesaler-distributors in nearly all lines of trade and in most regions of the United States.

The National Association of Wholesaler-Distributors (NAW), Pembroke Consulting, and Economy.com recently teamed up to produce a report for the wholesale distribution industry titled *NAW Economic Forecast 2004*. The report has more than 20 chapters packed with regionally specific market data and forecasts for all sectors of the U.S. economy and wholesale distribution. Forecast highlights about the national economy include:

- U.S. GDP is forecast to grow 3.8 %;
- Employment will rise 1.2%; and
- Manufacturing will slowly begin to recover through 2004.

In addition, industrial production will grow at least a healthy 3.3% in 2004, and manufacturers will improve their capacity utilization rates to 76.3% in 2004, compared with 72.7% in 2003.

"Given the current level of economic uncertainty this report will be invaluable for planning and budgeting," said Ron Schreiber, NAW's senior vice president of strategic direction. "Pembroke Consulting provides the wholesale distribution industry analysis using Economy.com's highly detailed financial data and projections."

According to the report, U.S. wholesale

distribution companies have a bright economic outlook. In 2004, overall revenues for wholesaler-distributors across all industries are forecast to rise 5.6%, outpacing next year's projected U.S. GDP growth of 3.8%. Employment in wholesale distribution is also slated to rise 1.4%, slightly ahead of the projected national average employment growth of 1.2%.

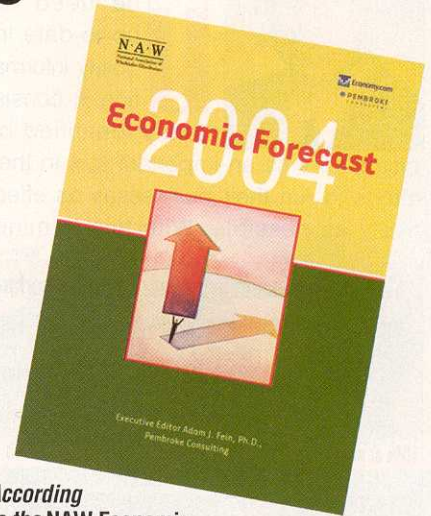
This is the first time all of this information has been analyzed and compiled into a single report written especially for wholesaler-distributors. Executives who have read the report are already using it for input to 2004 planning and budgeting, sales training and development, and analyzing end markets.

According to the report, the fastest-growing segments nationwide by revenues next year include electrical, equipment, apparel, and pharmaceutical wholesalers. Wholesaler-distributors in the Southeast, Midwest, and Mountain states will see the strongest revenue growth.

"Over the past 10 years, the wholesale distribution industry has accounted for one-quarter of the total productivity improvements in the U.S. economy," said Adam Fein, president of Pembroke Consulting. "The new report shows further productivity gains ahead for the industry and the U.S. economy as a whole."

## On the comeback trail

After several years of struggles in a down economy, this report finally offers hope for many beleaguered electrical distributors. According to Pembroke Consulting's research, electrical distributors will achieve industry revenue growth of 6.2% in 2004, which is higher than the average for all distribution lines of trade covered in the report. A unique aspect of this report is that it also provides regionally specific data forecasts.



**According to the NAW Economic Forecast 2004, U.S. wholesale distribution companies have a bright economic outlook: In 2004, overall revenues for wholesaler-distributors across all industries are forecast to rise 5.6%, outpacing next year's projected U.S. GDP growth of 3.8%.**

Along these lines, the report's data also show that growth for electrical distributors in the Mountain states will hit an extremely high rate of 8.7%. Further, electrical distributors will also add more employees than most other distribution lines of trade.

Employment by electrical wholesaler-distributors is forecast to increase a healthy 1.6% next year. Much like the forecasted revenue growth, employment growth will also be the strongest in the Mountain states.

Electrical distributors will take interest in the report's chapters on construction activity and building materials, electrical products manufacturers, telecommunications manufacturers, computer equipment manufacturers, semiconductors and equipment manufacturers, and more.

To order the *NAW Economic Forecast 2004*, visit [www.nawpubs.org](http://www.nawpubs.org) or call NAW at 202-872-0885. ■■■

*Ryerson, of Pembroke Consulting, can be reached at 215-523-5700 or via [www.PembrokeConsulting.com](http://www.PembrokeConsulting.com).*