

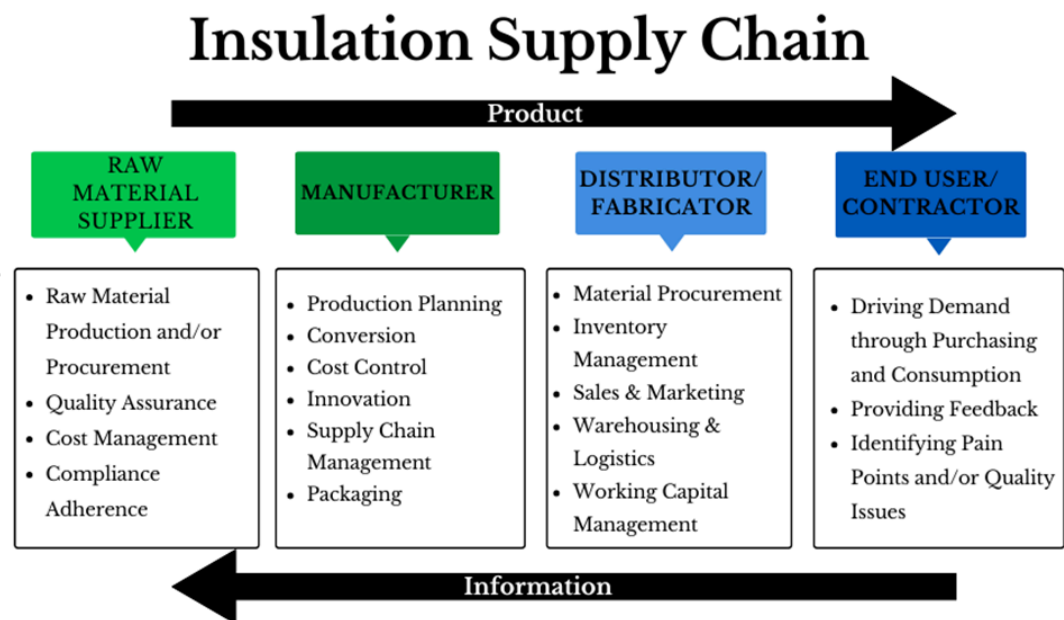
The Value of Distribution

THE ROLE OF DISTRIBUTION:

Distribution in the mechanical insulation industry, as in other industries, is the central link in moving products from the manufacturer to the ultimate purchaser or customer. Distributors play a crucial role as facilitators, connecting manufacturers, suppliers, and end users. Distributors are vital because they provide an array of value-added services for both manufacturers and customers, such as marketing, financial, and logistical support, as well as transportation, market, and product intelligence. They define and service the customers' requirements and provide them with choice, rapid availability, and a vast array of other services. In doing so, the customer can reduce fixed operational expenses, thus guarding against the fluctuating economic and backlog variables. In service to manufacturers, distributors create the supply channel that provides the best opportunity for manufacturers to overcome the considerable geographical problems of product distribution while maximizing production capabilities and also minimizing administrative and sales costs. Distributors have been called the “economy shock absorbers” because of their ability to react to change—vital to our industry's economic success.

THE END USER:

A distribution end user, end consumer, or contractor is the person or entity that ultimately consumes a product or service. For an end user, it is important to know that a distributor is a company that acts as an intermediary between the manufacturer and the end user, meaning the distributor purchases products in bulk from the manufacturer and then sells the products to retailers or directly to consumers, essentially providing access to the product in a convenient location and often with additional services such as customer support and delivery options.



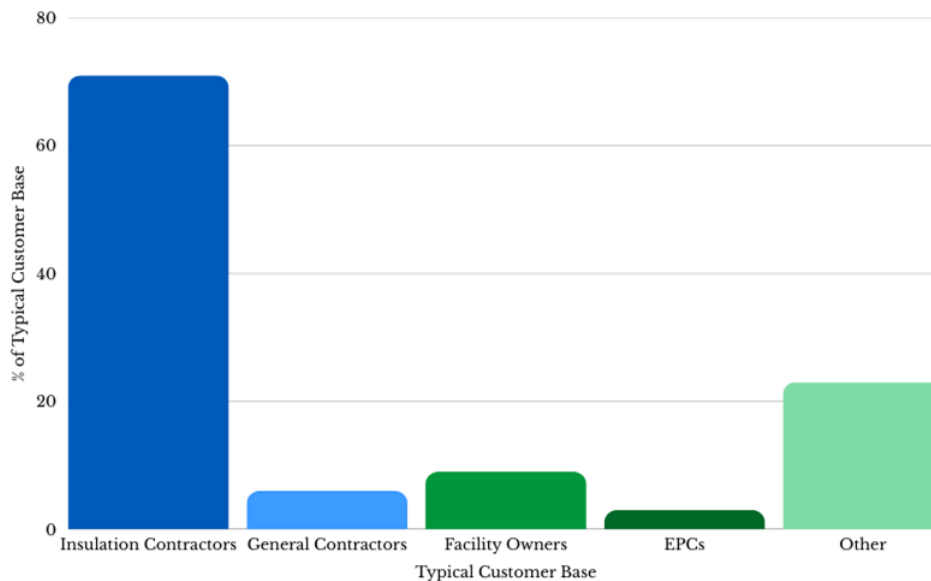
Appreciating the ratio of changes in the distributor's customer profile is equally important. What continues to be a change in the industry is the growing number of specialty insulation contractors, facility owners, EPCs, and others performing their own insulation requirements, which has changed service requirements and philosophies within the industry.

THE VALUE OF USING A DISTRIBUTOR:

- Access to fabricated products
- Access to products contractors do not have
- Availability of capital
- Bulk breaks
- Access to all manufacturers
- Consultations, service, and customer support
- Field representation
- Full insulation systems
- Global supply chain expertise
- Greater access to inventory across distributor networks
- Hands-on training/education
- Jobsite storage/delivery/material management
- Liaison between customer and manufacturer
- One-stop-shop convenience
- Process streamlining (manufacturer's support)
- Quality assurance
- Risk diversification
- Same-day lead times
- Storage locations near jobsites
- Technical experience and resources for specs
- Transportation
- Value engineering

DISTRIBUTORS' CHANGING CUSTOMER BASE

Customer profiles are constantly changing, as are the markets and their various requirements. Based on a recent survey results conducted by the NIA Distributor/Fabricator Committee, the graph below represents the current customer profile of responding member companies.



CONCLUSION:

Distributors are not just intermediaries; they are strategic partners who add measurable value across the supply chain. By reducing costs, improving service, and enabling innovation, distributors help both suppliers and customers adapt to economic shifts and meet evolving market demands. In today's competitive landscape, leveraging the expertise and resources of a distributor is not just an option, it's a competitive advantage. Simply put, when suppliers, distributors, and customers collaborate, everyone wins.

Use NIA's Membership Directory or Buyer's Guide to find trusted distributors that meet your project's needs at www.insulation.org/membership/membership-directory/