

## Frost & Sullivan Award for Competitive Strategy Leadership



### AWARD DESCRIPTION

The Frost & Sullivan Award for Competitive Strategy Leadership is presented to a company whose competitive strategy has yielded significant gains in market share during the research period. Often, the recognized company has taken advantage of recent market changes that facilitate the introduction of never-before seen methods of capturing and solidifying market presence. Alternatively, the Award recipient may have executed an innovative strategy within the existing competitive landscape, empowering the company to overtake the competition. In either case, the company captures the attention of the competition, which quickly adjusts in order to protect its own market position. Frost & Sullivan analysts expect such innovations to produce lasting, precedent-setting trends in the industry.

### RESEARCH METHODOLOGY

In order to select the Award recipient, analysts quantify several market factors for each market participant according to predetermined criteria. The research process includes interviews with industry experts, industry participants, and end-users, as well as extensive secondary data research. Formulated criteria determine industry rankings. The Award recipient is ranked number one among all industry participants.

### MEASUREMENT CRITERIA

In addition to the methodology described above, specific criteria are used to determine the final rankings of industry competitors. The recipient of the Award has excelled based on one or more of the following:

- Percent growth in revenue
- Degree of strategy innovation
- Successful partnerships, alliances, mergers, and acquisitions
- Market share growth
- Mind share growth
- Correlation between revenues and investment
- Penetration rate of new markets
- Organizational restructuring

### AWARD RECIPIENT:

#### PRESTOLITE WIRE

Frost & Sullivan is pleased to recognize Prestolite Wire as the 2005 recipient for the Competitive Strategy Leadership Award for the North American ignition wire sets aftermarket. Prestolite Wire has executed an innovative strategy within the existing mature market landscape, which has empowered the company to take share from entrenched market participants. The company has successfully captured the attention of major customers in the value chain, and its competitors active in the North American aftermarket.

Frost & Sullivan's research deliverable has concluded that the ignition wire sets aftermarket is a profitable yet highly mature market in classic terms, and is highly competitive. As a mature product category with declining installation at the original equipment level, many participants do not view these markets as growth potential markets. Furthermore, the competitive landscape in the ignition wire sets aftermarket is rated as extremely high as participants vie for a shrinking base of vehicles and channels for distribution. Prestolite Wire Corporation, armed with this knowledge, embarked on a process to not only enter the market but also institute a sound competitive strategy that has resulted in 2005, with a significant market share and mind share growth.

Prestolite Wire Corporation's competitive strategy incorporates the following:



- Building on Original Equipment (OE) experience
- Investment in exhaustive market research
- Original Equipment Service Alliance

This strategy has provided these results:

- Significant market share presence
- Competitive channel penetration
- Top of mind share growth

Prestolite Wire Corporation has built on its OE heritage to penetrate the aftermarket for wire sets. As mentioned, the OE installation of traditional wire sets has been on the declining trend, as substitute technologies have been introduced and adopted. Prestolite realizing that its OE role will be diminished over the long term, moved to develop an aftermarket program for ignition wire sets. This program was not developed overnight, but rather was a well thought out process that dates back at 2000.

This strategy was supported by exhaustive market research. The result of these two elements is the competitive strategy that is currently in place. Prestolite entered the market realizing that the key end-user group: the installer, have a strong preference for OE fit, form, and function ignition wire sets. Leveraging their OE experience and expertise, Prestolite introduced to the market an ignition wire set that met this installer preference.

This competitive strategy has resulted in phenomenal demand from retailers and private labels for OE fit, form, and function wire sets and market share capture. In 2004, Frost & Sullivan estimates that Prestolite Wire held approximately 14.6 percent of \$232.2 million in revenues. This metric is significant not only for the presence in the market that it indicates, but because since the last time Frost & Sullivan conducted research in this field, the company did not have a significant call out for market revenues. Furthermore, the introduction of Prestolite's products has propelled other participants to generate a premium wire product in order to remain competitive in the market and against the new entrant.

Prestolite has leveraged its OE fit, form, and function platform, by building alliances with original equipment service (OES) channel. A significant number of OES channel members source their wire products from Prestolite, signaling that the company provides these channel customers and participants with the quality of product demanded by installers in this channel and independent installers. In terms of a competitive strategy, this has allowed the company to gain greater mind share within established OES brands and through the aftermarket.

The combination of the strategies outlined above, the promotion to installers and counter people OE, fit, form and function, has brought about a mind set change from the aftermarket for premium wire sets, which has been key to Prestolite's competitive strategy in the market. The implementation of this strategy has propelled market share and mind share for the company, distinguishing them from other participants in the market, and noteworthy for Frost & Sullivan's best practices recognition.