

# Rethink Service and Offering Models to Grow Market Share

As our economy rebounds, customers are not going back to old purchasing behavior. In fact, they are aggressively seeking distributors who can partner to make them more competitive in these turbulent economic times.

Two types of distributors emerging from this tough recession include those trying to make the same things work, and those responding to new customer needs with new offerings. Simply put, while some distributors are gridlocked in competitive price wars and brutal price negotiations, others are offering new services and solutions to tighten current customer relationships and grow their market share.

**The simple secret:** Innovative distributors are leveraging the latest Internet-based vending technology strategically to improve customer processes when it comes to managing MRO. The bottom-line results have been dramatic for both customers and the distributors who realized how powerful a competitive weapon vending can be.

These innovative distributors are thinking about Industrial Vending as a technology to help them run their businesses better and more efficiently, rather than as a line item to be sold. These players are mastering the art of bundling this new technology as a part of their product and service offerings.

Here are four key concepts that explain how some leading industrial distributors rethought their inventory and service models during the recession and are now growing market share in this new economy.

**1. Vending Is a LEAN Initiative.** Manufacturers are struggling to get better control of MRO costs and inventory management as part of LEAN programs. Leading-edge distributors are proactively bringing these programs as a value-added service and function to help LEAN-thinking customers achieve the following goals:

- ✓ Reduce MRO costs through improved usage and tracking data
- ✓ Increase program efficiency through tighter billing, re-ordering and reporting process
- ✓ Improve worker productivity through best-practice point-of-work solutions
- ✓ Do more with less by outsourcing inventory management to knowledgeable vendors

**2. Vending Is a Lever to Capture Additional Spend.** “We’ve gone into accounts where we had very little business; now we have it all,” says Jim Long, President of **Cline Tool and Service Company**, Newton, Iowa, a full-line industrial distributor. Vending gave them the opportunity to increase cutting tool sales and gain additional business.

**Bottom line: Additional \$15,000 per month in revenue, mostly cutting tools.**

**3. Vending Is a Market Share Winner.** Fastenal combined Apex Industrial Technologies' Connect n' Go technology with their SmartStore program, in which Fastenal provides the technology and stocking services. Backed by aggressive sales and marketing campaigns, the SmartStore program is driving significant business growth and new account acquisition at a time when the total MRO marketplace is shrinking.

**4. Vending Is the New Integrated Supply.** Traditionally, integrated programs were economically viable for distributors only at larger customers. That's changed. Apex's vending solutions allow distributors to offer automated integration programs – even into smaller shops.

**Case in point: C&T Industrial Supply** in Mercersburg, Pennsylvania, helped a customer convert from a cumbersome manual process in which the shop manager doled out tooling to machine operators on request. C&T provides the vending systems. The thinking is that the low cost of next-gen Industrial Vending Systems is lower than traditional labor-intensive Integrated Supply Models.

### How Apex Changed the Game

Apex has changed the vending financial model for distributors and their customers through its innovative technology and buy/lease programs. The cost of this new technology is much lower than earlier generations. It is easier to implement and easier for your customers to use. The software is hosted. All users need is an open connection to the Internet. No software is installed on site. That makes it easy for the IT departments of distributors and their customers to say “yes”... because there is nothing for them to install or support.

Apex goes even further by supporting the distributor's marketing efforts as well. Our distributor programs help you design a clear and compelling business proposition that your sales force can clearly communicate in the marketplace as a critical differentiator. We will help you learn and adopt best practices and offer structures. We'll help you build flexible programs that customers understand will help their bottom line while helping yours – a key in today's new economy. We will help you protect your accounts and gain profitable new customers.

### Learn More About New Service and Offer Models

Call us to discuss how Apex can change the game in your favor with low-cost solutions. Visit [www.apexindustrial.com](http://www.apexindustrial.com) for more information about how you can put industrial vending programs to work for you. View video demos, white papers, case studies and more.



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