



marketing communications LLC

SERVICE METAL CREATIVE DIRECTION SHEET

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Service Metal is the premier PVF Master Distributor in the United States, Mexico and Canada for carbon steel pipe fittings, flanges and valves with extensive inventories in St. Louis, Charlotte and Houston (biggest PVF market in the world).

The company is the third or fourth largest in the US in terms of market share serving businesses in oil and gas, plumbing supplies, fastener/hose supply, agricultural supply, and valves in highly price-driven markets.

Service Metal currently runs about \$96 million toward a rolling 12-month goal of \$100 million. It hit \$65 million in FY22. With a 1-3% market share of most product categories it serves, there is great opportunity for growth.

The company has built a reputation for outstanding customer service delivering quality products with an industry-best speed-to-market. That means quoting within minutes to hours, high rates of same day shipping (92% RT, 25% LTL) and excellent all-around customer service and support.

Service Metal is also financially secure, which should give customers confidence in its long-term stability.

The company also puts great emphasis on caring about its employees. In addition to competitive benefits, its safety programs, thorough training and attentiveness to employee needs and situations, have created a positive culture in all locations. Employees understand their roles and expectations of them. Conversely, leadership understands what each employee is looking for in terms of responsibilities and growth.

The following details the employee roster:

- Warehouse associates (60)
- Inhouse sales (8)
- Outside sales (1.5)
- Accounting (7.5)
- Supply management (2.5)

Service Metal enjoys solid brand awareness in a highly competitive, price-driven market where establishing a unique position is difficult. This document provides the creative direction to develop a strategic branding program that will build a clear, consistent, memorable voice for the company.

BUSINESS OBJECTIVES

- \$250 million in 5 years via organic growth
- Meet operations goals
- Improve the customer experience:
 - Improve shipping accuracy
 - Improve speed to ship
 - Improve productivity lines per hour
- Create more brokerage opportunities in-house, especially in international drop shipping areas where the company has an advantage.

BUSINESS STRATEGIES

- Sell more packages
- Leverage small bore products for low- or high-pressure applications (major opportunity)
- Increase awareness, demand for SMP Valves
- Expand stainless products (company has been a low-grade carbon house)

MARKETING COMMUNICATIONS OBJECTIVES

- Build a stronger brand story
- Support company sales efforts
- Establish integrated overall marketing communications program
- Develop effective tools for internal sales
- Build a distributor support package

MARKETING CHALLENGES

- No marketing program in place
- No marketing people in place
- Moving programs and projects forward

PRODUCT OFFERINGS

Service Metal stocks quality carbon steel pipe fittings and valves from around the globe. Generic imports along with approved and domestic manufacturers on Weld Fittings, Flanges, Forged Steel Fittings and Outlets.

Its global sourced lines of Malleable Iron Fittings, Steel Pipe Nipples, Merchant Steel Couplings and Cast/Ductile Iron Flanged Fittings are of industrial quality. And the SMP Valve line is also industrial quality, coupled with a wide offering of Crane® Valve products.

Valves and small-bore products are among the key growth areas for the company. The company is also looking at ways to bundle products to make package pricing more enticing for customers.

Products are globally-sourced from multiple locations, enabling us to provide country-of-origin options to our customers. This is especially important to customers not wishing to import from certain countries, such as China and India.

Everything is price driven.

SALES PROCESS

The company drives nearly 100% of all sales through distribution which is supported by its internal and external team. The internal team does not upsell as much as out could but does add value through excellent communications throughout the buying process.

Sales largely range from 1-5 items and \$250-\$1,000 orders, sometimes as high as \$10,000. Shipments are made via UPS (30-100 lbs.) and LTL (2-5 lines, 500-1000 lbs.). Most orders are single pallet.

TARGET AUDIENCES

The core customer group is quite aware of what we sell but we could create more product lines by customer. Customers need consolidated shipping. They want what they want where they need it when they need it. Typically sending purchase orders six to nine months in advance.

1. Distributors: Core distributors are largely aware of the company offerings. The top 250 are considered premium level, while there are about 1,000 total customers with 4,000 shipping locations. Buyers are specifically purchasing agents and inside/outside sales reps.
2. End-Users: Just about anybody but especially SMP valve customers

THE COMPETITION

Everybody leads with the idea that they have the product you need and they won't mess up your order. It just seems there's an opportunity to create messaging that will clearly distinguish Service Metal. Is that bundling? Price packaging? Customer support? A better distributor program? Market intelligence on pricing? Yet to be determined.

- **Dodson Global:** Large competitor. Broader geographic reach. Strong messaging.
- **Allied Group:** The \$1 billion gorilla with broader lines. Both carbon steel and stainless-steel products. Service Metal follows them for price matching. "There's no point in getting into a price war with them." Distributors may trust us more.
- **Merit Brass:** Service Metal is smaller. Yikes! Merit positions itself poorly via website. To its credit, the company does provide what appears to be useful information customers via its blog.
- **Everflow:** We are larger. Very poor website. "Your Pipeline to the World."
- **Industrial Valco:** Promotes "Speedability" and error-free order fulfillment. Eh.

POSITIONING

EXISTING VISION STATEMENT:

"To become the most respected PVF master distributor in the industry."

EXISTING MISSION STATEMENT:

"We strive to make the customer experience easier and faster through world-class service with a commitment to excellence, integrity and efficiency."

MAIN MESSAGE (VALUE PROPOSITION)

We would work through the messaging more, as we move forward. For now, we suggest:

"Trust Service Metal to deliver a deep product line of valves, flanges, fittings and strainers at an industry-leading, speed-to-market pace with unsurpassed customer service and support."

KEY SUPPORT POINTS

- We have a unique package that our competitors don't offer (the mix of SKUs we carry) nobody carries SKU for SKU.
- We can ship a lot of product to one location, whereas some of our competitors can't ship the same mix of products.
- We have amazing customer service – industry-leading top tier.
- Customers set pricing based on what we tell them. They benefit from our market intelligence we provide.
- Distributors can trust us. They know we won't steal their customers.
- Part of developing that relationship for regular customers is letting them know when the market changes or falls and adjusting their pricing accordingly. They really appreciate keeping them informed on the market fluctuations.
- We'll give a very aggressive price. If it's dropping in the market, we'll drop the price to our entire pricing program customer base.

MARKETING COMMUNICATIONS STRATEGY

We suggest developing an integrated marketing communications program that creates a much stronger position for the company as a trusted, reliable, quick response resource.

Starting with a more robust website as a foundation, we utilize existing content and create new material to be used in generating distributor support materials, value-add distributor e-newsletters, email, Google Ads and conventional tactics. We also suggest creating market-specific content that speaks directly to end-users.

Our core strategy is to make sure distributors are committed to Service Metal. That they understand the offerings and industries. That they think of the company more frequently. Know how to identify sales opportunities a capitalize upon them.

IMPORTANT BRANDING CONSIDERATIONS

- We want to look bigger than we are
- Find our niche. Play to our strengths.
- Promote the Packaging and Pricing Program: Proactive pricing across all lines. Available to certain customers – 250 of about 1,000.
- Pick lead products and build off of those.
- Expand how customers look at our offerings. Promote packaging, special pricing options. We need to be able to demonstrate that we can flex up and down.

TACTICAL CONSIDERATIONS

- Create a new, robust, resource-filled **WEBSITE** that builds first on WHY Service Metal, provides valuable resources, such as calculating tools, pipe charts and mill test reports and insights and then provides easy access to product information.
- Establish a **DISTRIBUTOR SUPPORT PROGRAM** that arms their reps with the necessary knowledge and sales tools to sell. This program would include an **E-NEWSLETTER, CUSTOMER FACING SALES TOOLS** and **SALES INSIGHTS** tactics.
- **SOCIAL MEDIA** will play an important role, especially related to building end-user awareness. We will create content ideas, build a month-by-month editorial calendar and execute posts.
- We should also consider **TWO TYPES OF VIDEO**: a company capabilities piece and a series of vignettes with key personnel. These vignettes will highlight the company capabilities, products, culture, views on trends and thought leadership.
- Create a targeted **GOOGLE ADS** campaign initially for distributors in key geographies.
- Begin a **CULTURE PROGRAM** to foster continued growth of what exists and set a foundation for future recruiting efforts.