

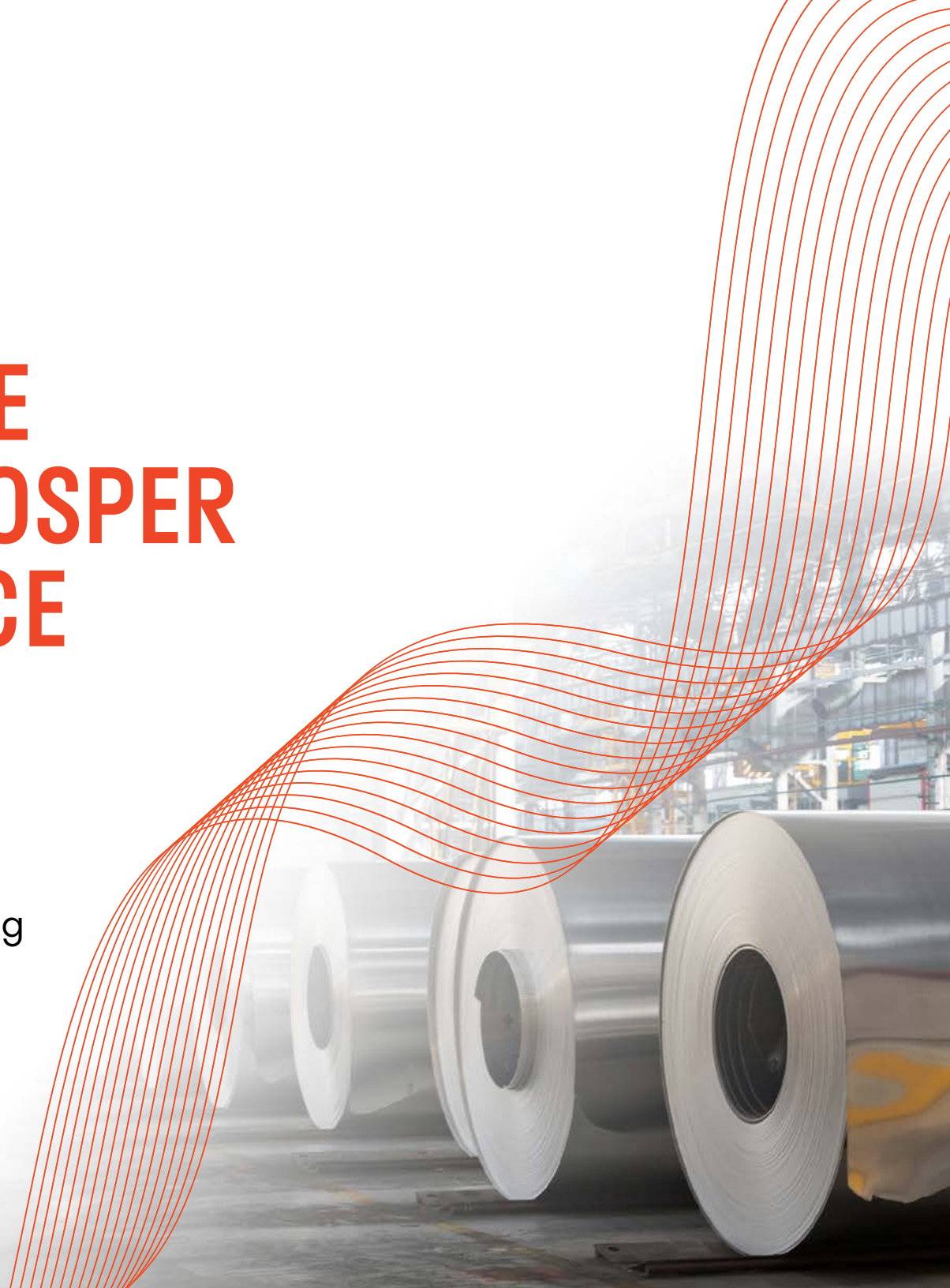


BLOCK OUT THE NOISE AND PROSPER THROUGH PRICE

EBOOK

A case study presented by the
Vice President of Sales & Marketing
at a major metals distributor

 zilliant PRICE IQ





METALS DISTRIBUTION PRICING CHALLENGES

Metals distribution is a highly competitive industry, which offers its own set of pricing challenges. Input costs change frequently due to volatility, sales reps lack consistent and relevant price guidance, and customer bases are both large and diverse.

Making matters worse, those industry challenges were exacerbated by the pandemic. Now, not only is market volatility causing costs to fluctuate regularly, but the metals distribution industry now must deal with additional challenges such as inflationary pressure, supply chain disruption, staffing shortages, and more.



NON-DIFFERENTIATED
PRODUCT



MAJORITY OF SALES
+ 'HAND-CRAFTED'



MAJOR
VOLATILITY



WIDE CUSTOMER
VARIETY

ESTABLISHING PRICING AS A CENTRAL FUNCTION

For nearly 120 years, one global metals distributor has found great success by consistently delivering value for its customers, fostering a positive environment for employees, and evolving as routes to market and economies change. However, for seasoned companies in the digital age, the pace of change often exceeds their ability to adopt cutting-edge technologies.

Although the distributor had been in business for more than a century, pricing had always been more of an art form than a science. But when the company's rate of profit declined, the distributor's leadership team knew it was time to inject science into their pricing and make it a central function. The company engaged Zilliant and made the transformative decision to bring in **Zilliant Price IQ®** to put pricing science to the test.

On Zilliant's recommendation and with Zilliant's help, the distributor implemented a pricing dashboard with the thought being, "We have all of this data. Let's visualize it and do something smart with it."



The company also established a pricing council that included regional managers, commodity managers, marketing, sales, and even the president and CEO, who met to review the pricing analytics and devise new strategies based on the data. The complete transformation of the distributor's pricing included the optimization of segment pricing, customer-specific pricing, and eCommerce pricing.

THE COVID-19 STRESS TEST

Because of their ability to handle the challenges brought on by the pandemic, the distributor was able to play offense when the competition was in a defensive and protective mode. Zilliant tools allowed this global distributor to see that - while larger customers had significantly reduced spend - smaller distribution companies were purchasing more and in need of additional products and services. This uncovered an opportunity to sell directly to smaller distributors.

Data showed that smaller distribution companies were shipping more than ever and they weren't necessarily sensitive to higher prices. Our global metals distributor could fill specific needs, including the ability to transport cargo or goods that were unable to fit into standard-size containers, also known as "break-bulk." The distributor's Price IQ® dashboard was also able to identify additional margin- or revenue-driving pricing opportunities and the software's unique capability to calculate price elasticity ensured pricing strategies would meet business objectives. This resulted in exponential business growth.



Price IQ® enabled highly-strategic pricing strategy with a cross-functional pricing council to outperform competitors amid challenging economic conditions:



**PRICING ANALYTICS DASHBOARDS
TO GUIDE STRATEGY**



**BI-WEEKLY PRICING COUNCIL
MEETINGS**



**NEW MARGIN- AND REVENUE-
DRIVING BUSINESS OPPORTUNITIES
REVEALED**



EXPONENTIAL BUSINESS GROWTH



Price IQ® Delivers Market-Aligned,
Dynamic Pricing that the Sales
Team Trusts:



**90-99% ADOPTION RATE
PRICING GUIDANCE**



**EARLY VISIBILITY INTO PRICING
TRENDS FOR QUICK UPDATES
WHEN NEEDED**



**PRICING ALIGNMENT WITH ONLINE
CUSTOMER PORTAL**

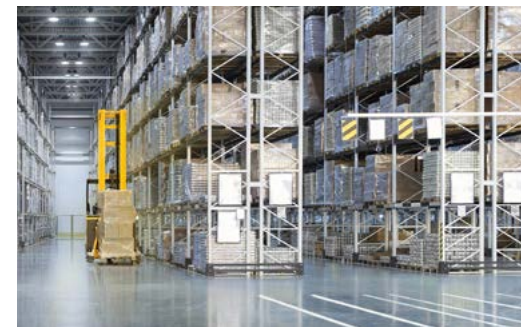
THE POST-PANDEMIC SPIKE

The distributor was now able to grow substantially in multiple vertical segments thanks to scientific analysis that identified high opportunity areas, which led to higher margins while growing their market share. When the market was in a decline, the distributor's margins and market share grew, and that allowed them to be in a great position to skyrocket as the economy eventually rebounded.

The post-pandemic demand spike was due to the distributor's insight into what was happening before it actually happened. They were able to buy more materials at lower prices in anticipation of the economic turnaround. With their pricing now optimized, the distributor's lift was significant in all segments. Early visibility into pricing trends enabled a shift away from mill volatility, and they instead focused on customer needs. Once again, Zilliant's solutions and insight into the distributor's data allowed pricing to be their differentiator.

Throughout all of the challenges posed by the pandemic, the distributor's adoption rate went from below 50% to above 90% - even 99% for some products. They were able to do this by giving sales reps actionable customer insights and guidance, which ultimately helped reps reach their incentives. By integrating pricing science with customer and mill data, the distributor now had a holistic view they could use with complete confidence.

This newfound confidence was key to adopting more digital age strategies. In fact, for the first time in company history, the distributor published prices to their online customer portal. This meant that the 200 monthly customers that used their online portal were able to see and get the pricing Zilliant helped enable. The distributor knew they would remain competitive at a rate that would not affect their close ratios.



LESSONS LEARNED FROM THE ZILLIANT-ENABLED PRICING TRANSFORMATION

From realizing the need for a complete pricing transformation, to engaging with Zilliant to deploy price optimization software, to overcoming pandemic-related obstacles, the distributor learned many valuable lessons. These included:

- Data is critical. The right tool is necessary to make the best data-driven decisions, and that data needs to be drawn from a cross-functional and holistic set of eyes.
- It's easier to raise prices on profitable products, and Zilliant helped inform the distributor on areas to accelerate price increases and where to back off.
- Pricing can and needs to be more science than art.

“With Zilliant’s influence, we now scientifically buy based on how we scientifically sell, and we scientifically sell based on how we scientifically price.” – VP of Sales & Marketing, Metals Distributor

Watch this video to learn how Price IQ®, the leading B2B price optimization solution, leverages world-class data science to predict the impact of price changes and generate market-aligned prices that meet P&L goals..

Contact us today to learn more about transforming your pricing from art to science.



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