

## Stabilizing Business and Building Market Share in Smaller Markets by Improving Relationships and Decreasing Service Costs

Manufacturers in the ingredients industry face a common challenge — finding a way to adequately service highly fragmented markets at a sustainable cost. These markets, which are frequently comprised of small-to-medium-sized businesses (SMBs), are more complicated and expensive to serve. They have more complex shipping needs than larger businesses — particularly when the products are warehoused in different locations, require deeper levels of customer service and tech support, and purchase smaller quantities of product with each order.

Although ingredients manufacturers would prefer to retain customers and expand market share, they often place a lower priority on serving SMBs, which ultimately results in lower customer satisfaction, decreased loyalty, defections, and leads to lower revenue and profits.

### The Xenon arc Approach

Ingredients producers partner with Xenon arc to reduce the complexity of their supply chain so that they can serve all customers, even those with the most exceptional requirements to a level that drives brand loyalty and ROI without taxing their internal sales, R&D, or customer service teams.

When Xenon arc partners with clients, we typically see frustration across three primary categories:

- ⚠️ SMB customers who experience long lead times and restrictive commercial terms, perceive this as less-than-satisfactory service, and who are looking for a better option.
- 💰 Internal sales and R&D teams who are frustrated with the many-and-varied needs of SMBs who have much smaller order volume.
- 👤 C-Suite and functional decision makers who don't see the value in serving unprofitable and highly fragmented markets.

To reduce frustration across all three categories while increasing ROI, we developed a proprietary technology-driven model that solves key issues for ingredients producers.

- 1 We extend the brand promise to customers in highly fragmented markets, thereby improving brand loyalty and customer satisfaction.
- 2 We transform and build direct-to-market strategies by reducing supply chain complexity, and in turn, the cost of serving customers with exceptional needs.
- 3 We disrupt and transform the way materials and ingredients producers go to market so they can differentiate themselves from their competition.



## The Impact

By working with Xenon arc, ingredients producers improve the way they engage with high-need customers, while simultaneously utilizing fewer labor and materials resources, thereby cutting costs, increasing profitability, building market share, and increasing brand loyalty.

### Turning dozens of accounts into one.

We empower ingredients producers to turn hundreds of accounts into one so that while they still ultimately serve every customer, they do so efficiently with fewer up-front capital costs and using less manpower. By functionally combining SMB customers into a single account, they can refocus assets to serve strategic customers.

### Simplifying the ordering process.

Consolidating SMB orders to a single account means as much as 80% fewer orders that are as much as 80% larger in size. As a result, ingredients producers can ship out truckload-sized orders, reducing per-order fulfillment costs across labor, raw materials, logistics, freight and supplies.

### Creating a dedicated team to deliver strategic experience.

SMBs feel valued when they have a single place to turn with technical and sales-related questions and receive service tailored to their needs. Simultaneously, they experience faster order times, lower minimum quantities, and flexible financial terms, which means that they develop stronger brand loyalty and are likely to work with their production partner on new opportunities and future growth.

## Driving Growth Across Four Pillars.

### Cross-Sell to Increase Wallet Share:

On behalf of our clients, we identify 1:1 or 1:2 SKU customers to find out who they are, what they do and what other products fit their portfolio, model or end-use market so that we can deepen market penetration. As we develop relationships with these clients, who frequently include head chefs at co-manufacturers, our client remains top of mind and becomes the go-to for new projects and product development.

### Recover Dormant Accounts:

By proactively re-engaging with past accounts who have not ordered recently, we learn more about their business and foster customer intimacy to rebuild trust and recover historically lost accounts and revenue.

### Create Opportunities and Develop New Markets:

By mapping the market and end users, whether in the food service, retail, or co-manufacturer realm, we can identify the total addressable market (TAM), and its potential for expanding our client's reach and generating new business, often making a significant impact in the first 12-24 months of new market campaigns.

### Leverage Digital Solutions to Drive Market Penetration:

Drawing on deep expertise in the digital marketplace, we lead the industry in using new technologies to reach and engage customers. Our omni-channel approach leverages a wide variety of platforms and strategies that include e-commerce, web, Search Engine Optimization (SEO), Amazon, email and social media, and more to drive – and achieve – aggressive sales growth.

Focused on driving sales and maximizing yield, our industry-leading model can save a business unit a million dollars in costs per year — if not more — with sales remaining the same.

However, the impact of this industry-leading model goes far deeper than money saved. By increasing brand loyalty and improving their reputation with smaller businesses, ingredients producers can increase their market share by as much as 30%, growing revenue all while decreasing costs.

Using our proprietary Xa-Direct model, Xenon arc delivers significant client wins that include:

- Reallocating **3** full-time salespeople to more strategic accounts
- Consolidating serviced client accounts from **267** into **1**
- Consolidating **2500** small orders by **77%**
- Reducing sales order lines by **67%** from **24k** to **8k**
- Growing average order size by over **500%** from **6,000** lbs to **35,000** pounds
- Saving over **\$1,000,000** in order fulfillment costs by consolidating over **4k** orders that previously cost **\$250-300/order**
- **100%** reduction in accounts receivable resources for accounts serviced
- **39%** reduction in client A/R days



Ready to see how we can transform the direct-to-market strategy for your business unit?

Contact Senior Vice President, Strategic Growth Mica Zuniga at [mica.zuniga@xenonarc.com](mailto:mica.zuniga@xenonarc.com) to learn more.



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Our mission is to build trust and extend the brand promise of producers in the materials industry across non-core and SMB customer channels and transform direct-to-market strategies by reducing supply chain complexity, driving innovation, and increasing share of wallet with industry-leading digital and technology-based solutions.

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