

The Future of the Vacuum Industry: A Customer Trends Study

**A DIEDRICH RPM STUDY
SPONSORED BY**



Ultrafine Vacuums Built to Last. Quality Assured.

July, 2018

Confidential Document

FOREWORD

I hope you will find the research we uncovered as valuable and insightful as we did. This study focused on understanding domestic and international buying preferences for filtration vacuums and filters as well as uncover industry market trends that will impact us in the future. We also vetted new brand and tagline ideas to support our future image.

Since 1981, Atrix has been a premier manufacturer of fine filtration vacuums and filters. American made with 80% of our products manufactured in Burnsville, MN. Atrix is a holder of several patents in filtration and electronic monitoring. Atrix primarily relies on distribution partners such as Grainger, Univar and Fastenal but also utilizes online retailers like Amazon and D&H Distribution. To gain further insight into the needs of our customers, we hired an experienced research firm, Diedrich RPM, to conduct a blind research study.

As you'll see in the following report, the overall market is projected to increase by nearly 40 percent by the year 2020. Warranties/guarantees, prices, and order customization were the attributes that had the most impact on overall satisfaction. With this projected demand – we realize that quality, reliability and customer service will be critical in the years to come. In addition, we're happy to share that Atrix was named by more than 40% of respondents as the most-used vendor/supplier. What's more, we are thrilled that Atrix had higher satisfaction ratings across all attributes studied within the market.

We are excited about our future and will seek our next level of growth by embracing customers with our new tagline: "Ultrafine Vacuums built to last. Quality Assured."

I hope you find this information as beneficial and insightful as we did.

Sincerely,

Shane Vail
Vice President, General Manager
Atrix



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METHODOLOGY

This was a blind study. A mixed-method approach was used to gather data. Survey samples were obtained online, through a series of email campaigns and complemented by supplemental telephone interviews. There were no incentives offered for participation. Both distributors and end users within the following four verticals were targeted for this research:

1. Industrial, Industrial Supply
2. Electronics, Electrostatic Safe Discharge (ESD), Copier/Toner
3. Hazardous Particulate, Remediation, Abatement
4. Pest Control

All respondents were required to be part of the decision-making process with regards to the purchase, distribution, support, and/or marketing of commercial vacuum equipment.

There were no geographical boundaries for this study. A worldwide audience was reached with the intention of capturing a minimum of 25% of responses from international users/distributors and 75% of which were located in the United States.

The population of this study was approximately 3230, providing a margin of error of +/-9. The data was tested for differences in a variety of areas. All statistical tests were conducted at the 95 percent confidence level. Statistical differences are outlined in this report.

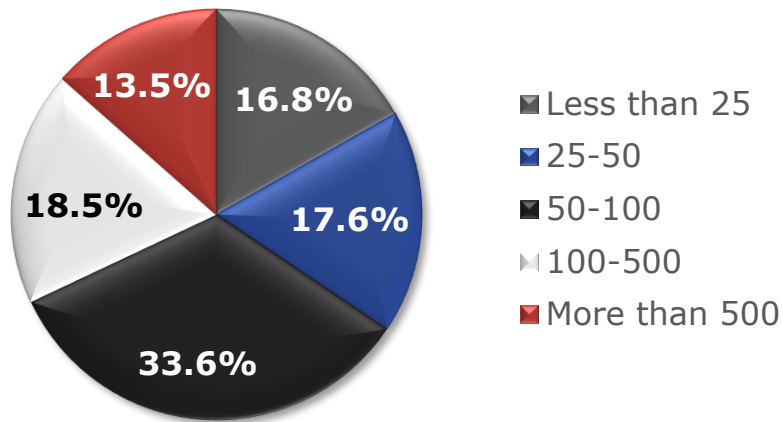
The overall goal of this research was to gain insights on the primary market share for Atrix against the competition and understand how current and prospective customers view the Atrix brand.



METHODOLOGY

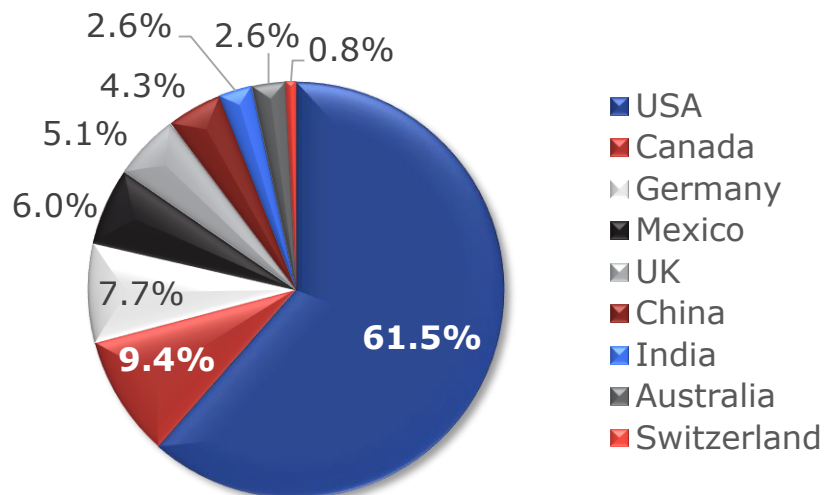
Employee Size

Even split between employee counts



Company Locations

Most respondents are operating within the USA



EXECUTIVE SUMMARY

Highlights: Overall Market

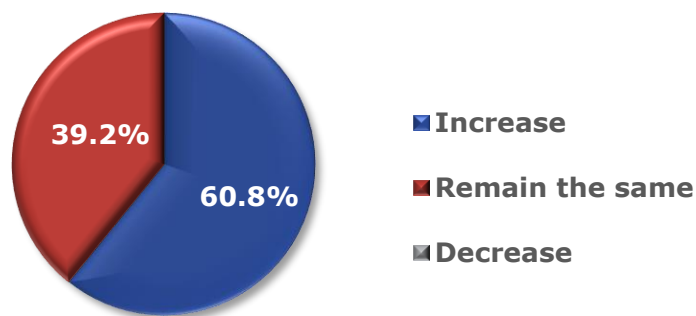
- **Warranties/Guarantees offered, Prices/Costs** and **Order Customization/Flexibility** are the overall market key drivers and have the most impact on overall satisfaction.

95.8 percent stated that they **will continue to use** their primary supplier in the future.

Respondents have newer relationships in the overall market with their primary suppliers. 62.5 percent have been with their primary supplier for five or less years.
- **62.6 percent** of respondents **spend \$100K or less annually** on new commercial vacuum equipment, replacement parts filters, etc.
 - 13.5 percent of distributors spend \$500K or more annually
 - 7.3 percent of industrial respondents spend \$500K or more annually

Overall market projected to increase over the next two years:

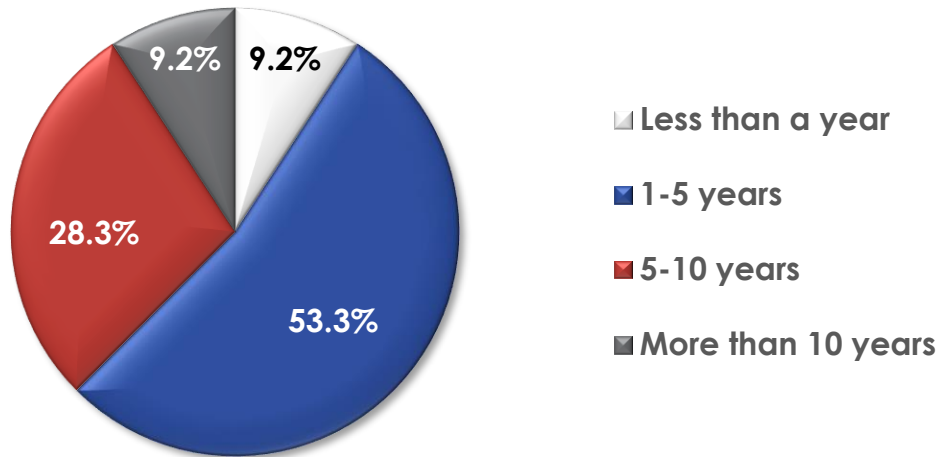
- 38.6 percent of non-distributors and 36.5 percent of hazardous particulate respondents spend less than \$50K annually on new equipment
- 100% of respondents are saying their vacuum needs will remain the same or increase over the next two years



Executive Summary

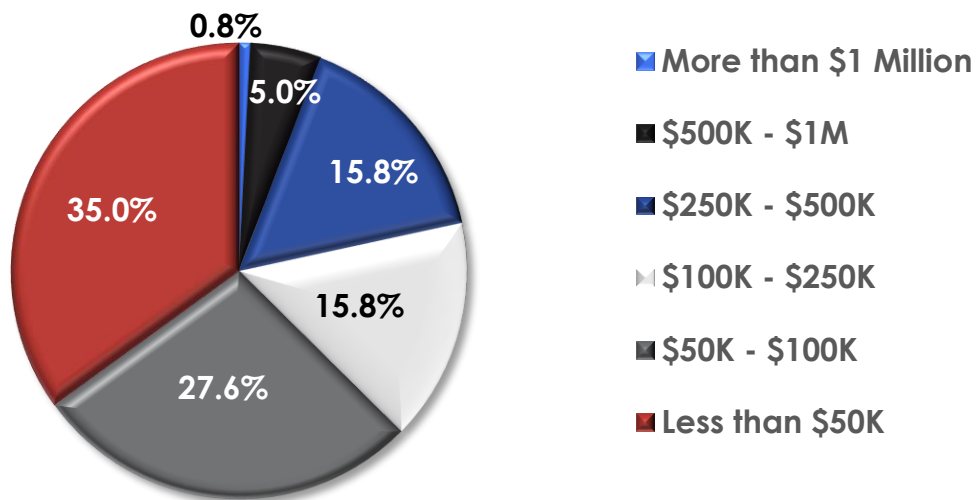
Primary Supplier Relationships

Respondents have newer relationships with their primary suppliers/vendors. 62.5% have used their primary supplier for five years or less. 9.2% have used their primary supplier for a year or less



Annual Spending

62.6% of respondents are spending \$100K or less annually on new commercial vacuum equipment



EXECUTIVE SUMMARY

Highlights: Buying Barriers and Motivators

Highlights: Overall Market

•The top 3 areas that motivate respondents to buy equipment include:

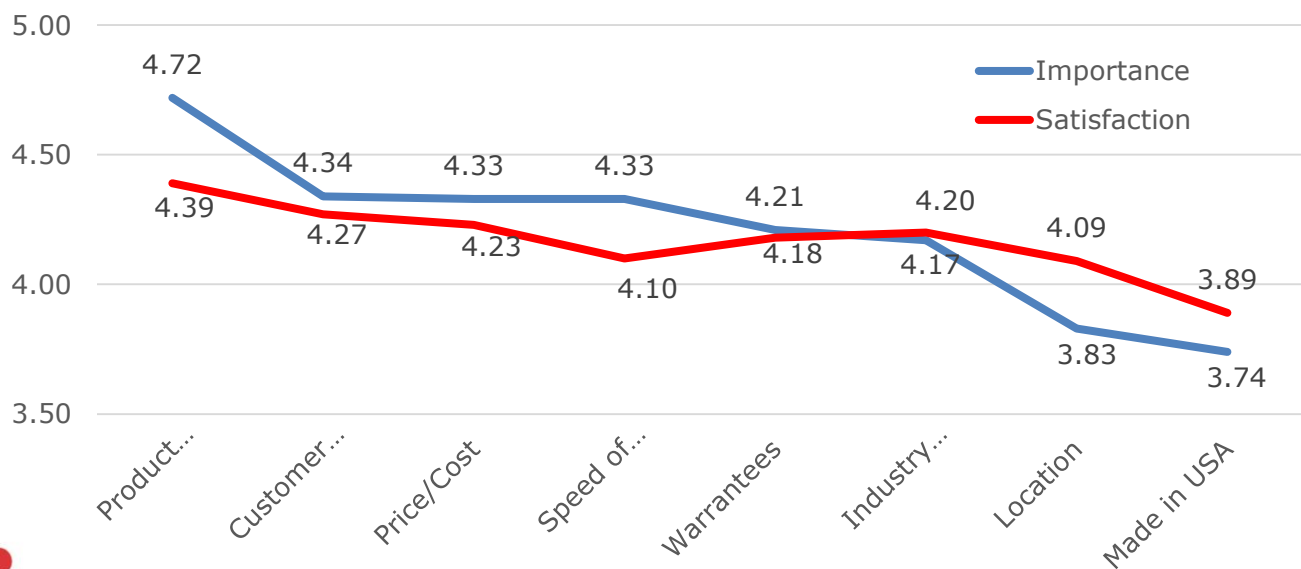
- **Product Quality/Reliability/Safety**
- **Good Customer Service/Quick Turnaround/Easy to Use**
- **Good Pricing/Costs/Discounts**

The **main barriers** preventing respondents from purchasing vacuum parts and equipment more often include:

- **Costs/Prices**
- **Better Maintenance/Part Customization**
- **Better Communication/Product Availability**
- **Better Product Quality**

Highlights: Opportunity Gap

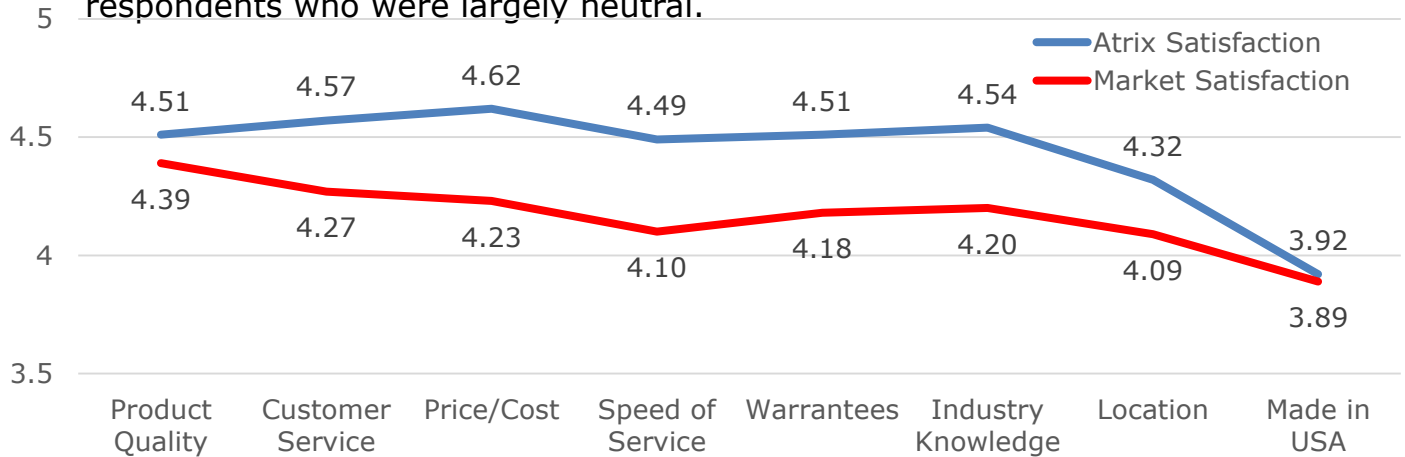
•The gap between importance and satisfaction scores for **Product Quality** and **Speed of Service** needs improvement



EXECUTIVE SUMMARY

Highlights: Atrix vs. The Overall Market

Atrix customers have higher satisfaction scores across **all attributes within the market**. This highlights their performance against the competition. "Made in the USA" scores are lower largely because this factor was not important to respondents who were largely neutral.



National vs. International:

USA respondents are more likely to use Atrix as a primary supplier

- 22.2% of international respondents use MetroVac
- USA respondents have a higher importance on customer service and speed of service. International respondents find location important.

RESPONDENT LOCATION	Price / Costs	Product Quality	Location	Warrantees Offered	Customer Service	Speed of Service	Made in USA	Industry Knowledge
USA	4.37	4.79	3.65	4.29	4.44	4.47	3.85	4.13
International	4.24	4.60	4.11	4.07	4.18	4.11	3.56	4.22

EXECUTIVE SUMMARY

Purchase Demand by Industry

Distributors, industrial and electronics are projected to have the greatest increase in demand over the next two years

INDUSTRIES LISTED	DECREASE	REMAIN THE SAME	INCREASE
Industrial	0.0%	31.7%	68.3%
Electronics/ ESD	0.0%	33.3%	66.7%
Hazardous Particulate	0.0%	38.5%	61.5%
Pest Control	0.0%	40.0%	60.0%
Distributors	0.0%	29.7%	70.3%
Non-Distributors	0.0%	43.4%	56.6%

Q: Thinking of the next two years, do you anticipate your need for commercial vacuum and filtration equipment to:



SURVEY RESULTS

Industrial, Hazardous Particulate, and Distributors report the highest amount of spend while Pest Control spend is the lowest.

INDUSTRIES LISTED	LESS THAN \$50K	\$50K-\$100K	\$100K-\$250K	\$250K-\$500K	\$500K-\$1M	MORE THAN \$1M
Industrial (n=41)	17.1%	29.3%	24.4%	22.0%	4.9%	2.4%
Electronics/ESD (n=30)	23.3%	40.0%	13.3%	16.7%	6.7%	0.0%
Hazardous Particulate (n=13)	38.5%	23.1%	7.7%	23.1%	7.7%	0.0%
Pest Control (n=20)	60.0%	20.0%	15.0%	5.0%	0.0%	0.0%
Distributors (n=37)	27.0%	27.0%	10.8%	21.6%	10.8%	2.7%
Non-Distributors (n=83)	38.6%	27.7%	18.1%	13.3%	2.4%	0.0%

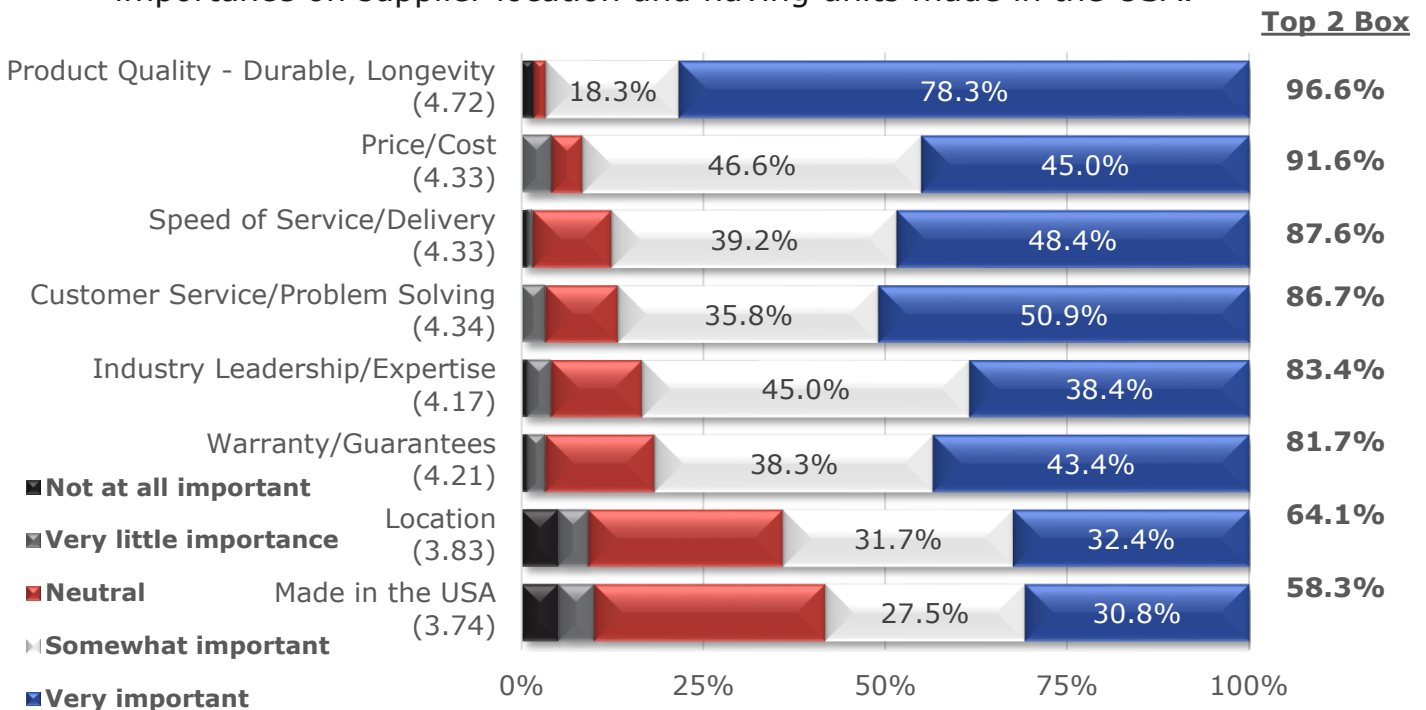
Conclusion: the Industrial, Hazardous Particulate and Distributors will have their work cut out for them in managing demand and getting support from their current industrial vacuum and filter suppliers– which will be important



SURVEY RESULTS

Product Quality and Prices are Most Important

Respondents gave a strong importance to product quality (durability, longevity) and prices with top two box scores over 90%. There is less importance on supplier location and having units made in the USA.



Q: Using a 1-5 scale, how important are the following attributes when considering the vacuum and filtration suppliers you use?

Conclusion:

'Top Two Box Scores' should be a minimum of 80%. Location and Made in the USA are less important factors when considering a new supplier.

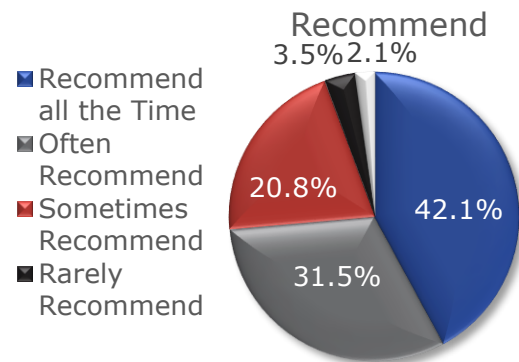
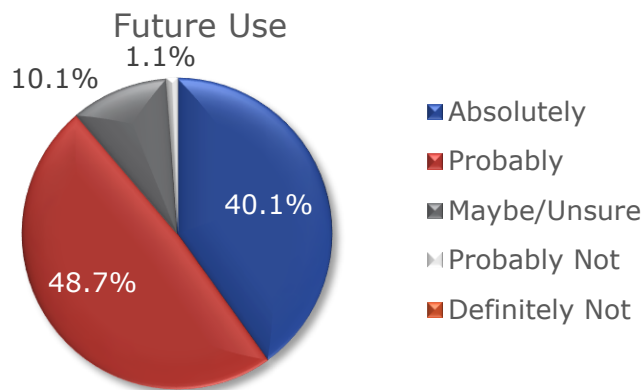


SURVEY RESULTS

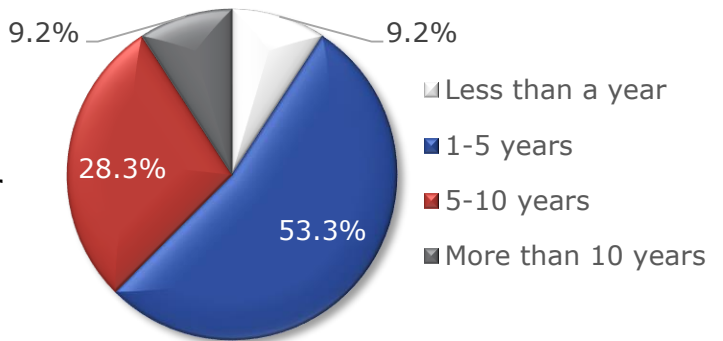
Strong Loyalty and Likelihood to Recommend

(But respondents have changed suppliers within the last five years)

88.8 percent of respondents will **probably** or **absolutely** use their primary supplier again in the future. 94.4 percent of respondents **sometimes**, **often** or **all the time** recommend their primary supplier professionally.



Respondents have newer relationships with their primary suppliers/vendors. 62.5% have used their primary supplier for five years or less. 9.2% have used their primary supplier for one year or less.



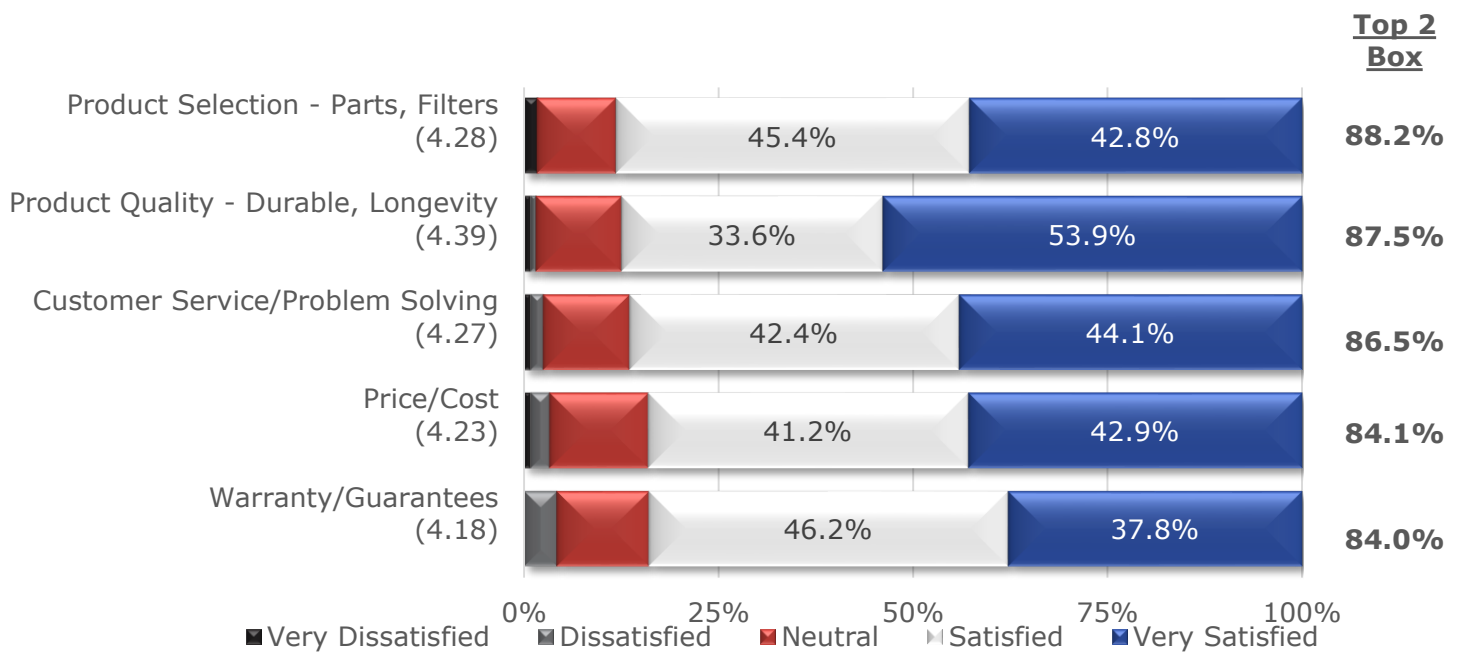
Conclusion: while respondents are saying that they are loyal many have changed suppliers in the past 1-5 years



SURVEY RESULTS

Overall Market: Customer Satisfaction

Respondents are most satisfied with their primary vendor/supplier in the following areas: **Product Selection, Product Quality and Customer Service**. All listed attributes are above the 80% benchmark.



Q: Please rate your satisfaction in the following areas when thinking about your **PRIMARY vendor/supplier**.

Conclusion:

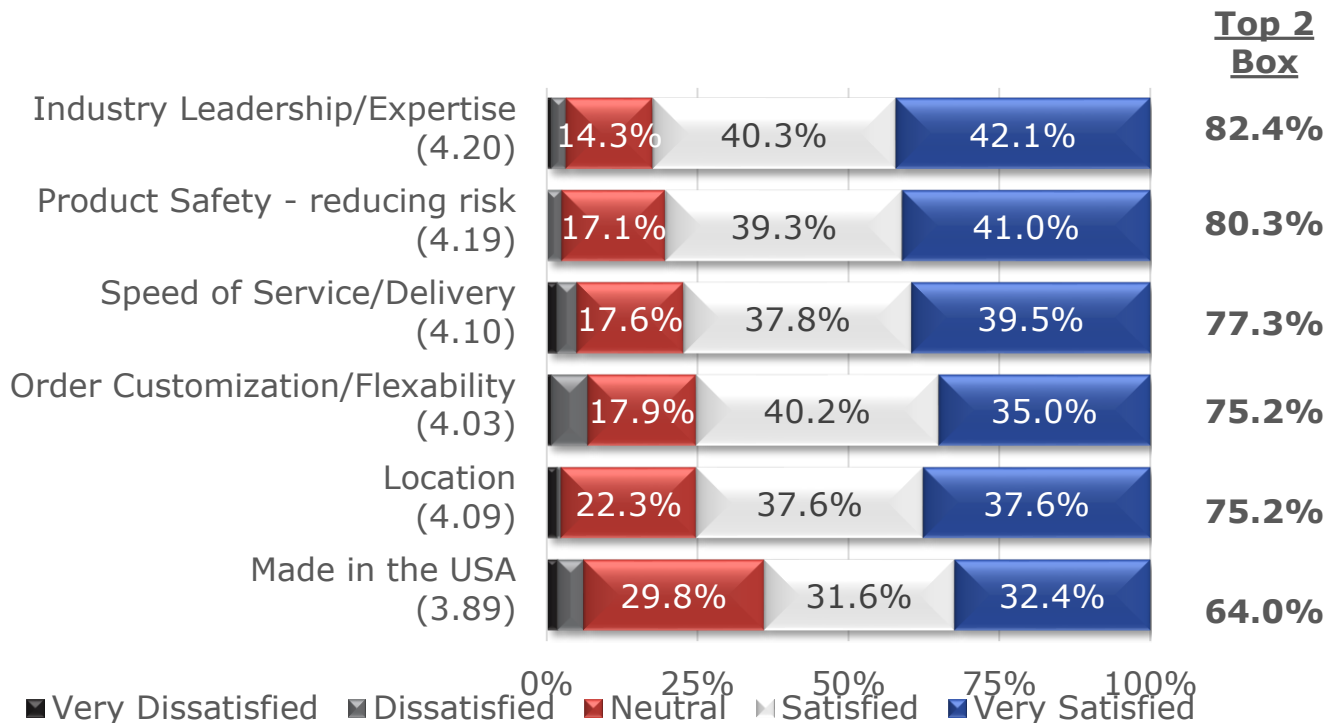
Respondents are generally satisfied with their suppliers.



SURVEY RESULTS

Attribute Satisfaction Scores

Respondents are less satisfied with their primary vendor/supplier in the following areas. **Only two attributes are above the 80% benchmark.**



Q: Please rate your satisfaction in the following areas when thinking about your **PRIMARY vendor/supplier**.

Conclusion:

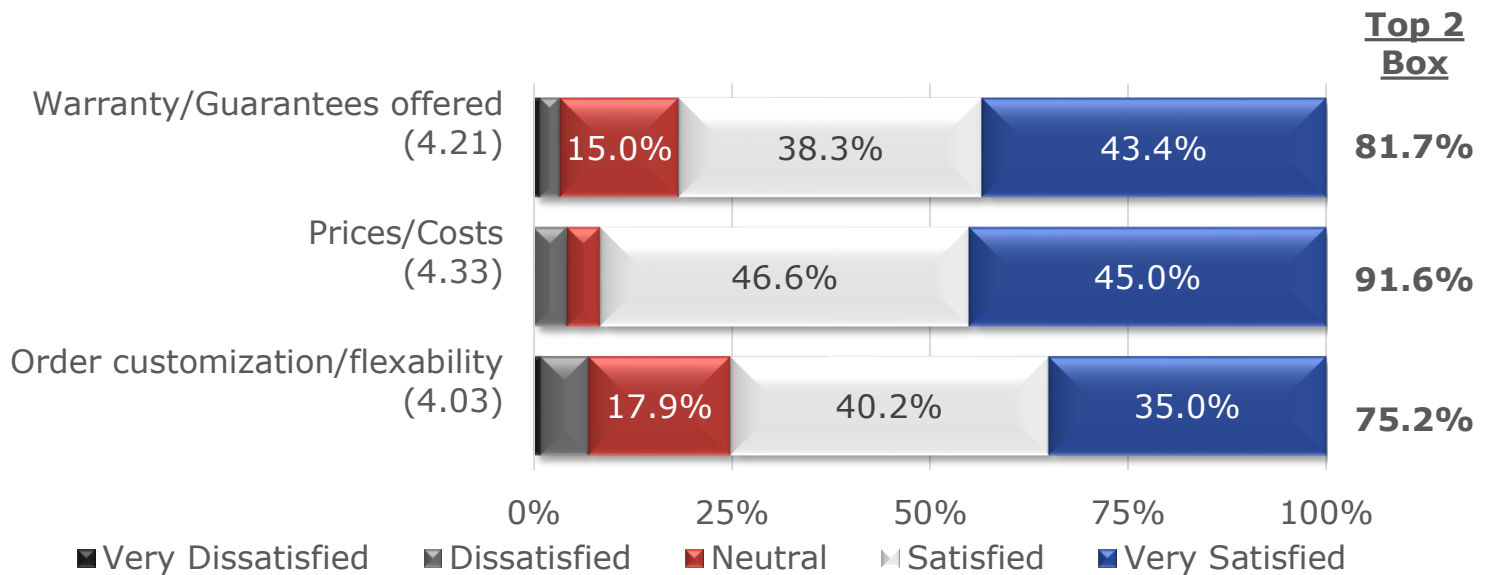
Speed of service, order customization and flexibility will be important areas of focus for suppliers in the future.



SURVEY RESULTS

Overall Market: Key Driver Analysis

The attributes below have the most affect on overall satisfaction. Working to increase these attributes will create a positive shift in overall satisfaction scores.



Q: Using a 1-5 scale, how important are the following attributes when considering the vacuum and filtration suppliers who you use?

Conclusion:

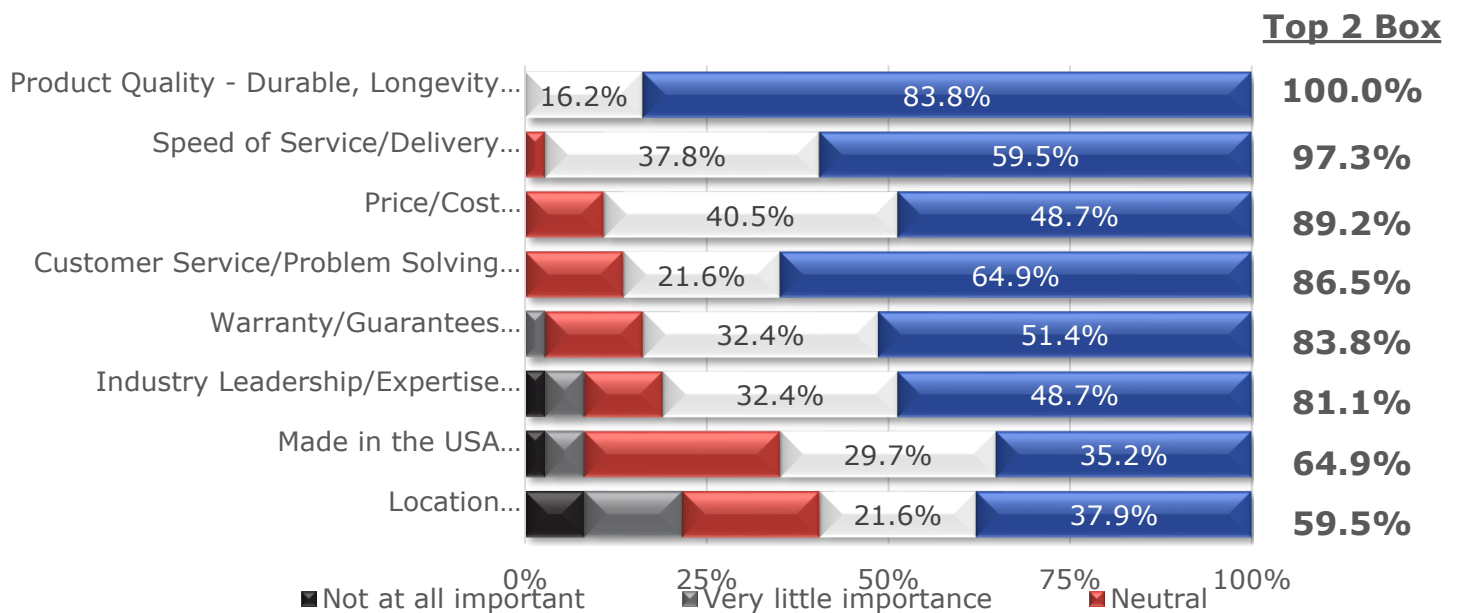
If suppliers can improve their warranties, guarantees, costs, and offer order customization, they would likely experience sustained loyalty.



SURVEY RESULTS

Atrix Customers: Key Driver Trend Analysis

The attributes below have the most affect on overall satisfaction. Working to increase these attributes will create a positive shift in overall satisfaction scores.



Q: Using a 1-5 scale, how important are the following attributes when considering the vacuum and filtration suppliers who you use?

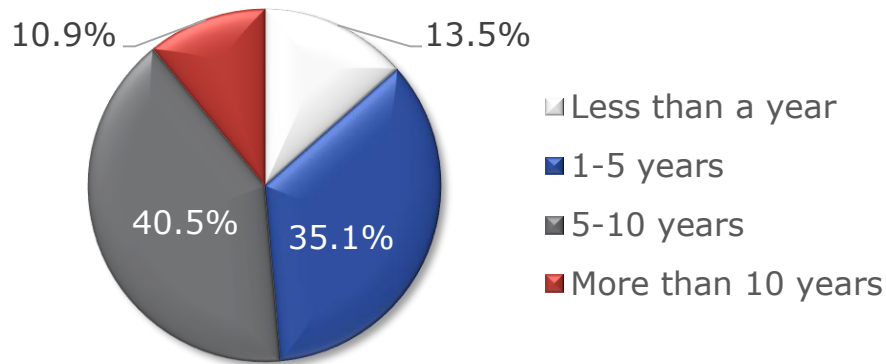
Conclusion: Atrix has a perfect score with regard to product quality and nearly a perfect score for speed of service-- suggesting that they are best positioned to be ready for the projected future demand for industrial vacuums and filters.



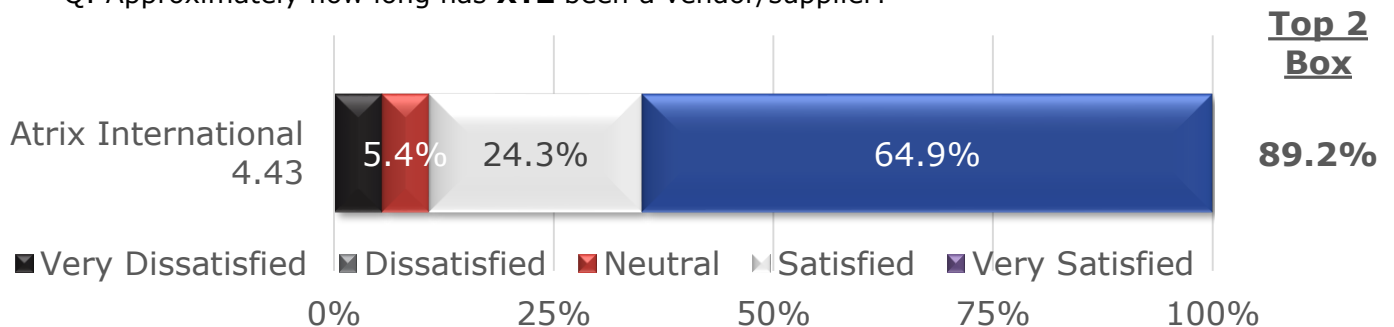
SURVEY RESULTS

Atrix Customers are More Loyal

Atrix customers have longer-standing relationships. 48.6% have used Atrix for five years or less. 13.5% have used Atrix for one year or less. And overall satisfaction scores for primary Atrix respondents is high with a top two box score of 89.2%.



Q: Approximately how long has **XYZ** been a vendor/supplier?



Conclusion: Atrix customers gave a top two box score of nearly 90%, suggesting that they are happy with them as a supplier and will likely keep them in place in the future..

Q: Please rate your Overall Satisfaction for your **PRIMARY** vendor/supplier.



SURVEY RESULTS

Overall Market: Attribute Scorecards

Atrix satisfaction scores are **trending higher** for all listed attributes and Atrix has the best performance in three categories.

PRIMARY VENDOR	Overall Satisfac-tion	Price / Costs	Product Quality	Location	Warranties Offered	Customer Service
Atrix	4.43	4.62	4.51	4.32	4.51	4.57
MetroVac	4.33	4.17	4.39	3.83	4.22	4.39
Pro Team	4.07	3.80	4.07	3.71	3.93	3.71
SCS – Desco	4.55	4.18	4.64	4.09	4.00	4.64
Pullman-Holt	4.22	3.89	4.56	3.78	4.11	4.00

****Five-Point Likert Scale** was used for respondents to express how much they agree or disagree with a particular statement.

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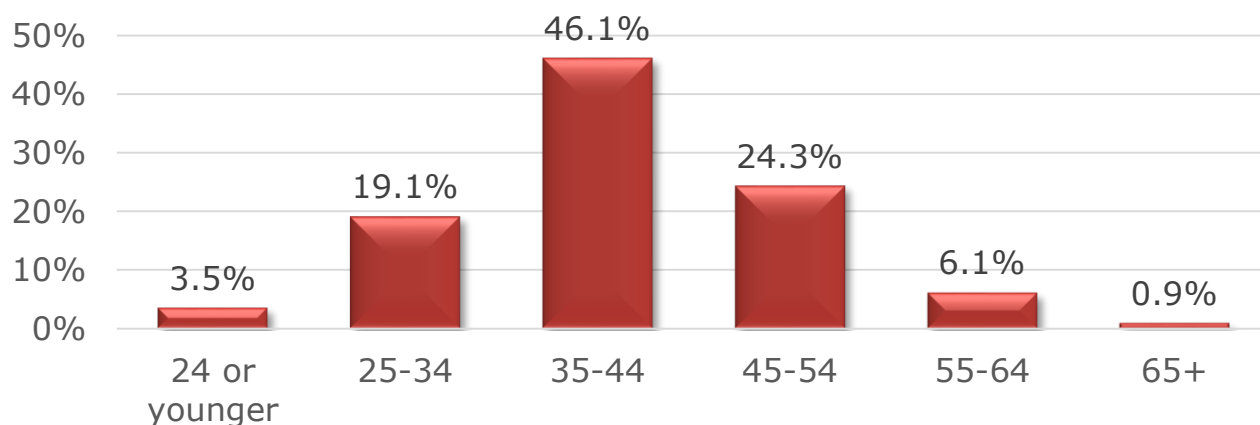
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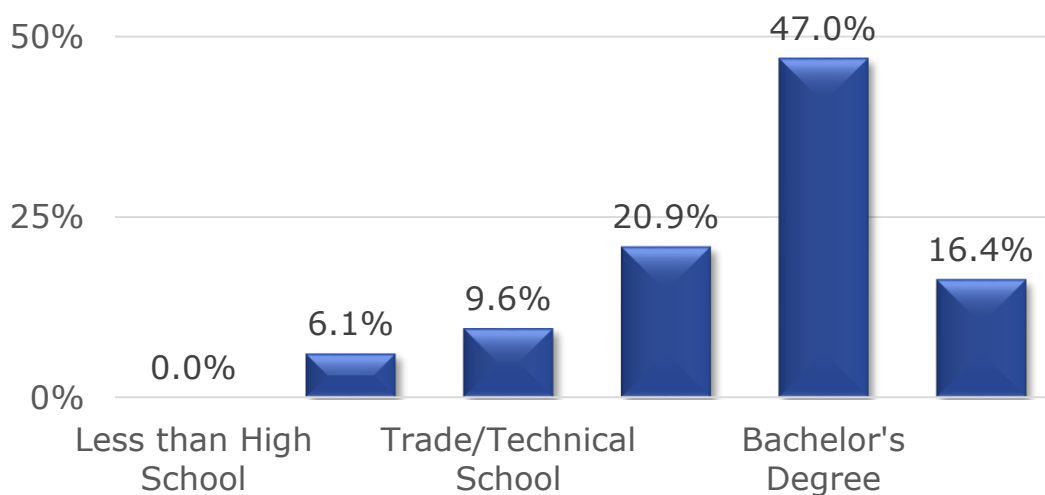
DEMOGRAPHICS

Respondent Profile: Education & Age

46 percent of respondents are between the ages of 35-44.



63.4 percent of respondents have a **bachelor's degree** or higher.



CONCLUSION

Thank you for reviewing this research.

Our key takeaway is the importance placed on quality through warranties/guarantees, pricing, and customization. At Atrix, we are committed to exceeding our customers' expectations—and leveraging our ability to handle the projected demand in the future.

We are excited to announce the launch of our new website and brand-- which research participants reacted positively to and you see reflected in this white paper's design.

Call or email us today for more information about our products and how our industrial vacuum experts can work for you!

Shane Vail
Vice President, General Manager
Atrix

