

**October, 2018**

# **Water Wastewater & Industrial Supplier Market Study**

**Confidential Document**

A Diedrich RPM Study  
Sponsored By



# FOREWORD

First and foremost I want to say to those of you who were one of the respondents who participated in this blind study, thank you for your candid feedback. I hope you will find the results we uncovered as valuable and insightful as we did.

To gain further insights into the needs of our customers, we hired an experienced research firm, Diedrich RPM, to conduct a blind market study. This study focused on what is important to our customers – and how we are performing as it relates to those capabilities against our competition. We also asked questions around new concepts, expectations for the length of warranties, product innovations, and on-line support services to help us understand what your future needs might be.

For the past 70 years, Thern has delivered innovative design and manufacturing of winches and davit cranes. We provide our clients a full range of services, including custom solutions that allow them to lift, pull, and position loads ranging from 500 lbs. to 100,000 lbs. Since being founded in 1948, we have built a reputation for reliability, quality, customer service, and engineering expertise. In fact, not only is Thern Inc. the market leader, you will see that this study supports the trust we have earned over the years with our brand reputation. Our data shows that **36 percent of respondents say that their needs for davit cranes and winches will increase. We are actively enhancing infrastructure to support this demand and working on new ways to continue to serve our customers.**

While we are pleased at this study's findings we know we have work to do in a few areas, including the expansion of our technology. Watch for updates from us in the near future – as we have many product and technology innovations in the works!

We are excited about our future, and look forward to seeing our next level of growth by embracing our customer's needs.

Sincerely,

Tedd Morgan  
President, CEO  
Thern Inc.

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# METHODOLOGY

This was a blind study using a mixed-method approach when gathering data. Survey samples were obtained online, through a series of email campaigns, and complemented by supplemental telephone interviews. A contact list of approximately 4,300 records was provided by the study's sponsor, consisting of current, former, and prospective customers of Thern Inc. A third-party specialty list of key millwright and heavy equipment decision makers was also purchased, and, to a limited extent, utilized when fielding responses for this study.



## Respondent Qualifications



All respondents were required to be part of the decision-making process for their company, with regards to the purchase/production of davit cranes, winches, or other related products/systems.




## Geography

There were no geographical restrictions for this study, although the vast majority of records/companies targeted in the data collection are located primarily in the United States.



## Margin of Error (MOE)

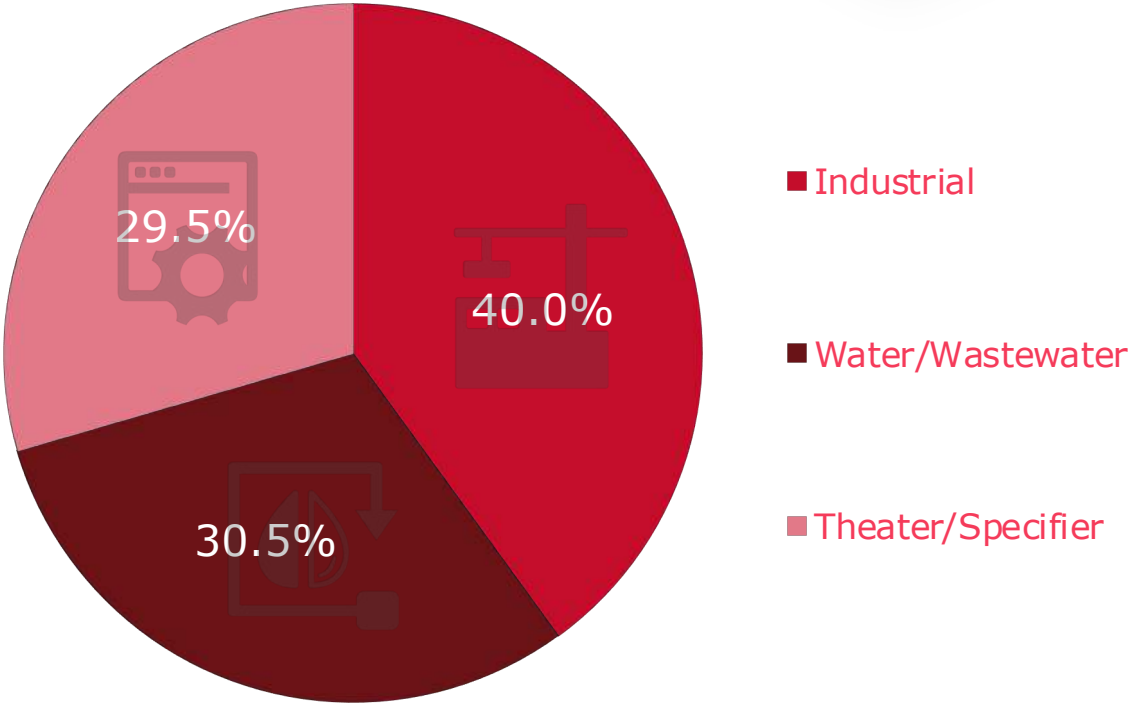
The aggregate data within this report includes a **Margin of Error of +/-9**. Several segments were tested for statistical differences in a variety of areas. All statistical tests were conducted at the 95 percent confidence level. Statistical analysis and differences are highlighted within this report.



# METHODOLOGY

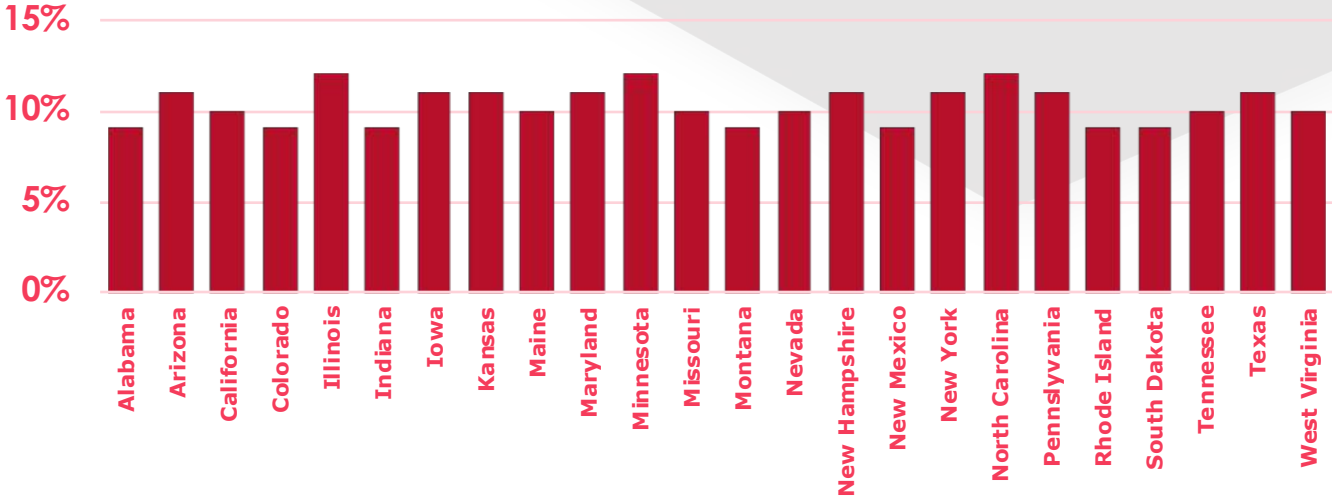
## Industry

There is a balanced representation across all three targeted industries.



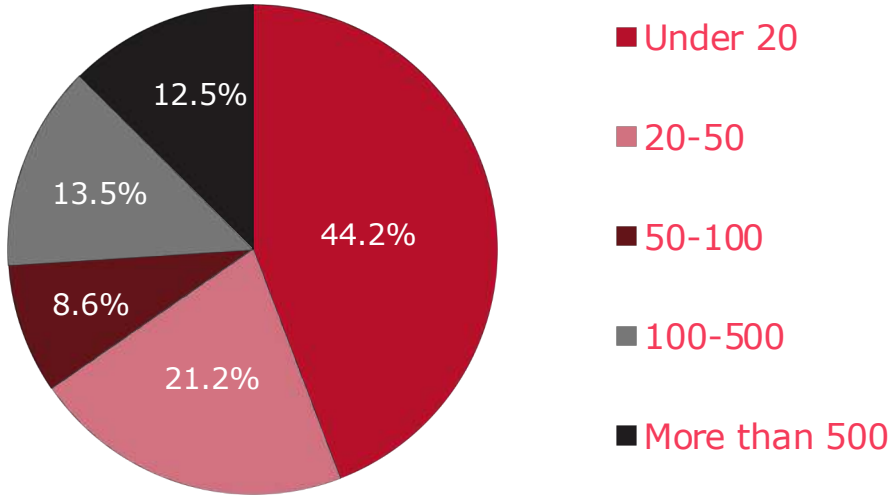
# EXECUTIVE SUMMARY

## Respondent Locations



## Employee Count

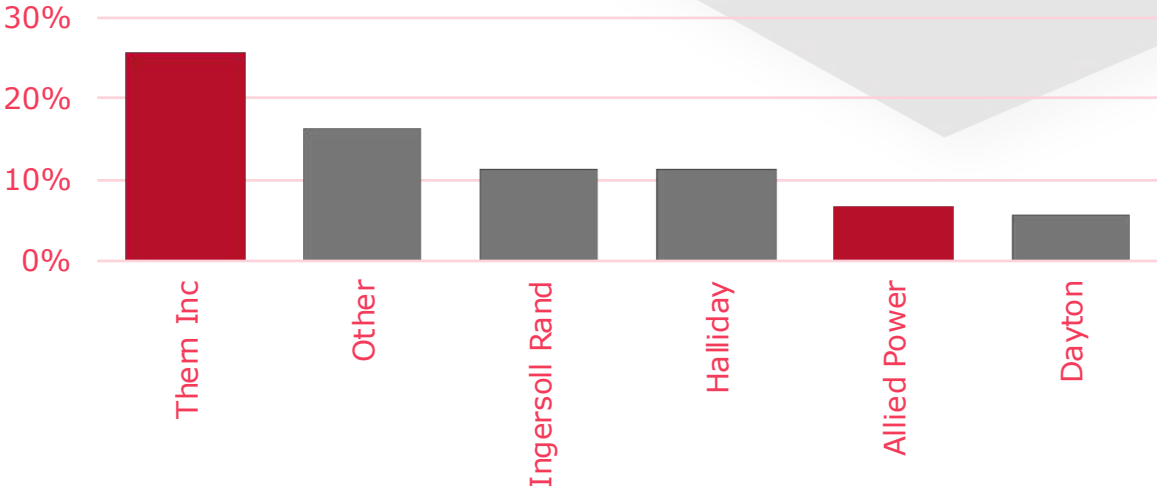
65.4 percent of respondents have **50 or less** employees.



# EXECUTIVE SUMMARY

## Provider/Suppliers Used (Top 10)

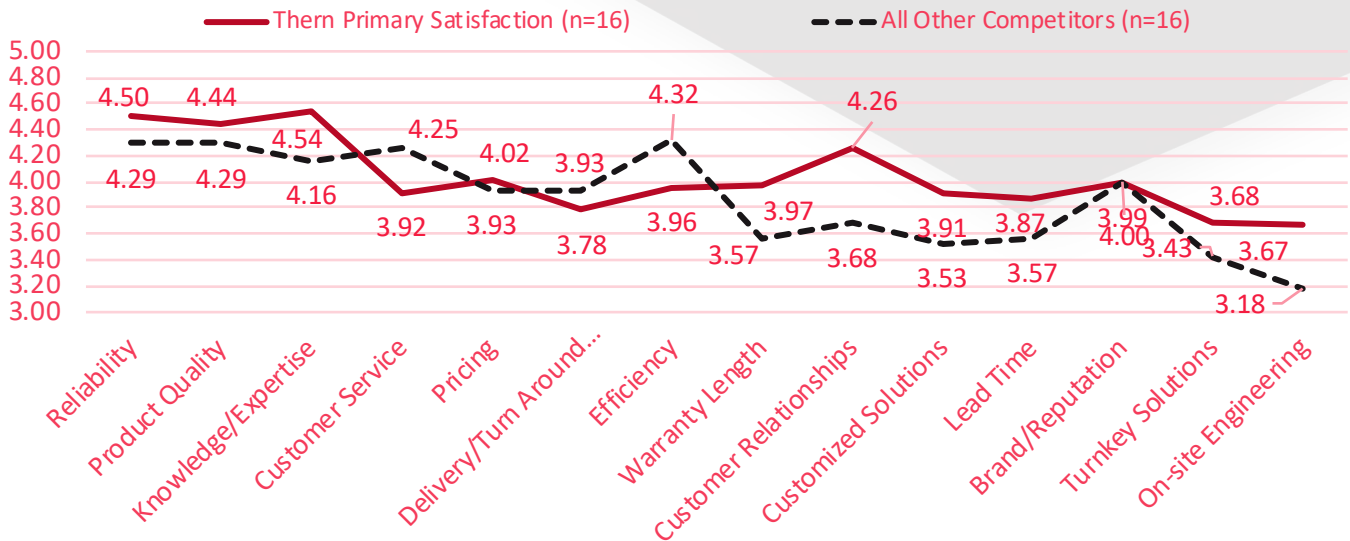
In the last two years 25.7% have purchased from Thern Inc.



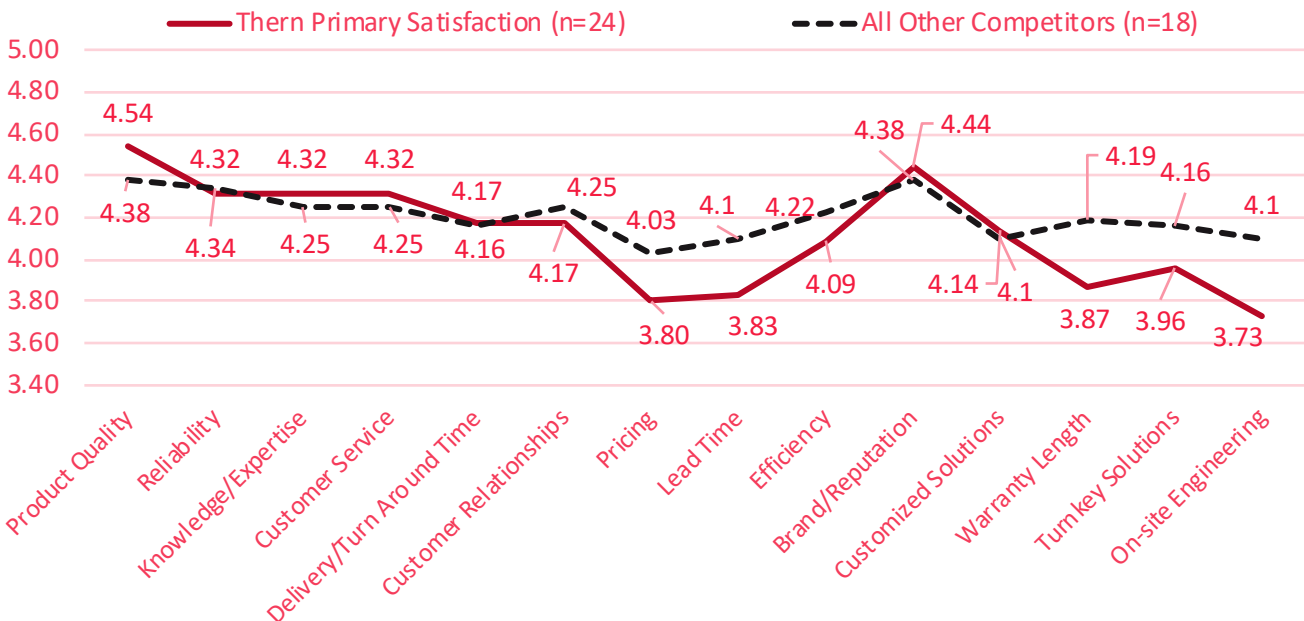
# EXECUTIVE SUMMARY

## Satisfaction Scores

**In the Water/Wastewater segment Thern out performs all other competitors in 11 categories**



**In the Industrial segment, Thern outperforms the competition with its brand reputation, customer service, knowledge and expertise and is number one in quality**

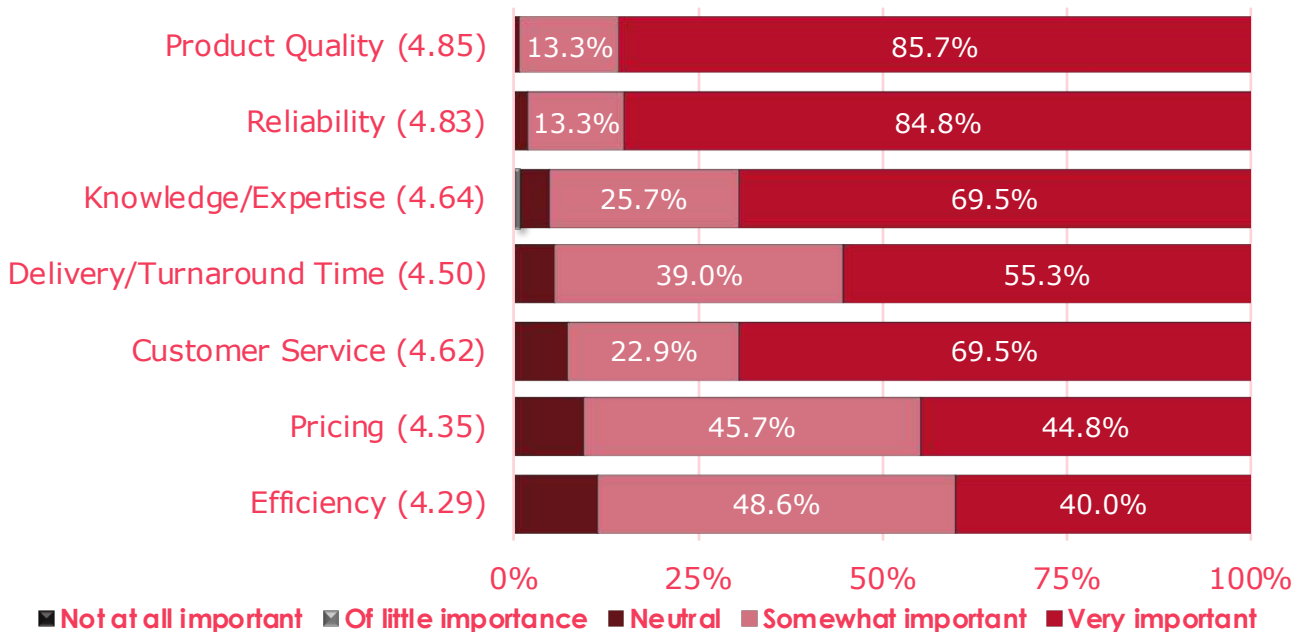
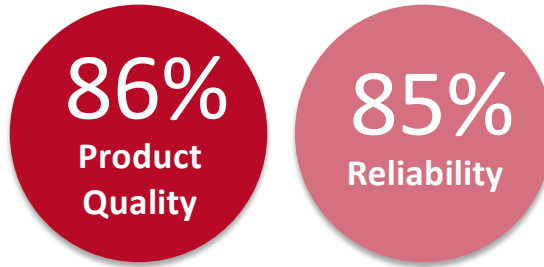




# SURVEY RESULTS

## What is Important?

All respondents are placing high importance on **Product Quality, Reliability, Knowledge and Expertise, and Delivery/Turnaround Time.**



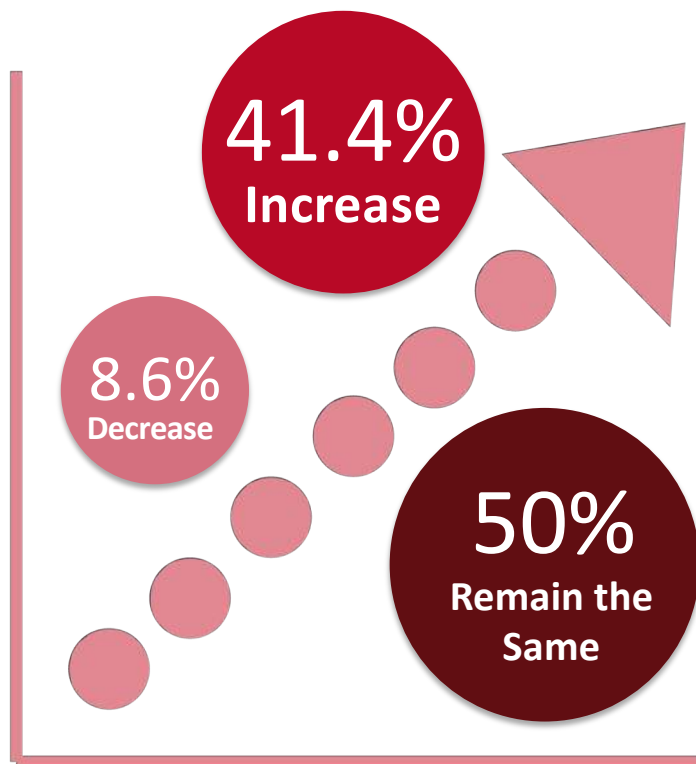
**Conclusion:** Finding a supplier who has a reputation for product quality is paramount for decision-makers in choosing the right supplier. They ranked the highest in this category across the board.

# SURVEY RESULTS

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## Growth trends are predicted for all segments

41.4 percent of respondents say that demand will increase needs for davit cranes, winches, will **increase**



**Conclusion:** Decision-makers in the Water/Wastewater and Industrial segments will need to be sure that their current suppliers can meet the future demands.

# SURVEY RESULTS

## Strong Loyalty and Likelihood to Recommend

Thern's **Word of Mouth Index** (WOMI) outperforms the competition for the Industrial and Water/Wastewater segments.

	Group	Continue (Top 2)	Recommend (Top 3)	WOMI Score
Industrial	Thern Inc.	91.7%	83.3%	91.7%
	All Other Competitors	72.2%	88.9%	72.2%
Water	Thern Inc.	75.0%	93.8%	68.8%
	All Other Competitors	68.8%	81.2%	56.2%

**Conclusion:** Thern has developed strong relationships with their customers. In a deeper dive into the WWW segment around "continue to use", the score was lower as a result of the longevity of Thern's products – and there being no need to replace them.

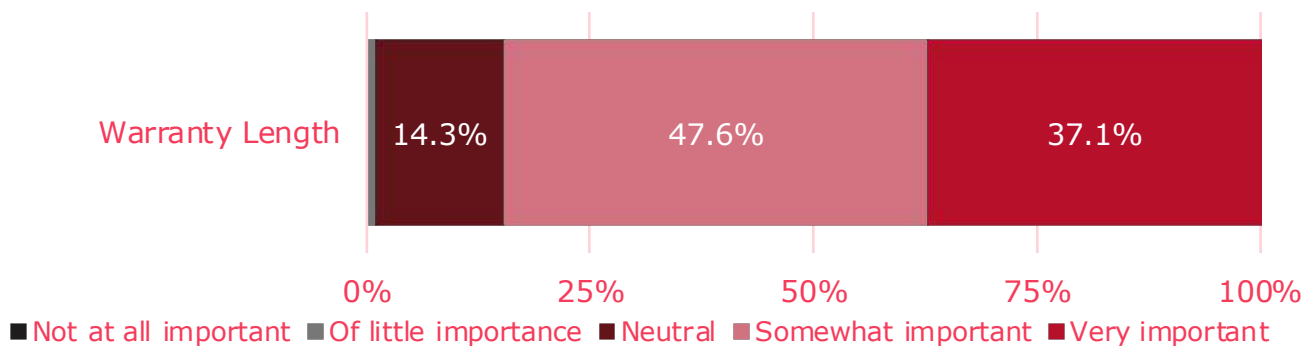
# SURVEY RESULTS

## Overall Market: Warranty Expectations

### Warranty expectations range between 2-5 years on average

- **Distributors-** Most respondents stated 1-3 years, with **2 years** as an average expectancy. All distributors intend to cover at least one year at minimum.
- **End Users-** Responses from this segment varied dramatically in comparison to the suggested input provided by distributors. One year remains the minimum for most, but several mentioned that 10 years would be the expectancy, with lifespans of 20-25 years. The consensus average is estimated to be **5 years** when considering all verbatim responses.

## Warranty Importance (primary provider, all respondents)

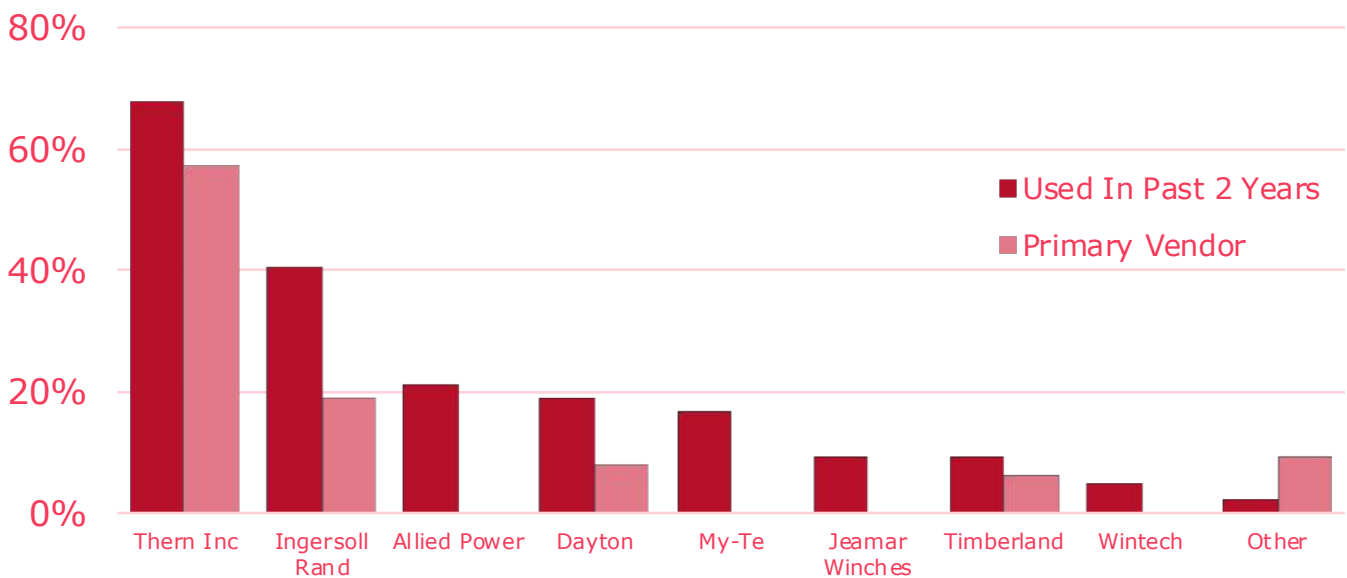


**Conclusion:** In response to this data Thern is exploring the viability of providing complimentary, regularly scheduled inspections as part of an extended service / warranty agreement ensuring the ongoing reliability of their customer's systems.

# SURVEY RESULTS

## Thern is the Market Leader for the Industrial Segment

Most industrial respondents have used Thern Inc. and Ingersoll Rand within the past two years.

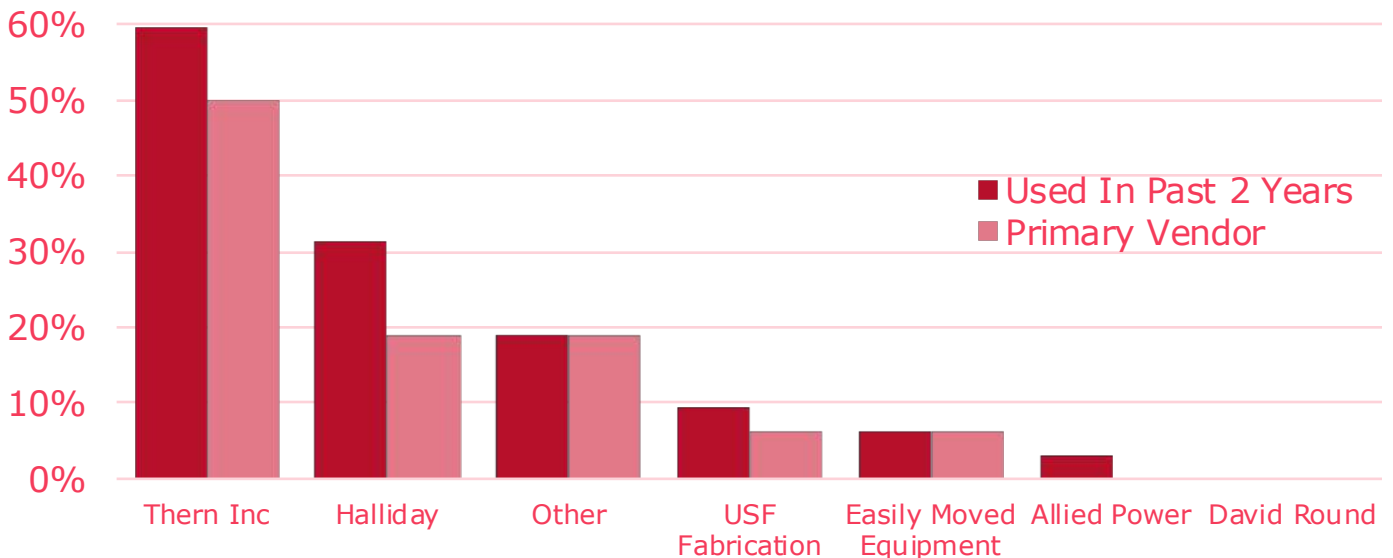


**Conclusion:** Thern Inc is the market leader. Thern has earned this position based on its reputation around maintaining its standards in product quality.

# SURVEY RESULTS

## Thern is the Market Leader for Water/Wastewater Segment.

Most water/wastewater respondents have used Thern Inc. and Halliday Products within the past two years with respondents primarily using Thern Inc.

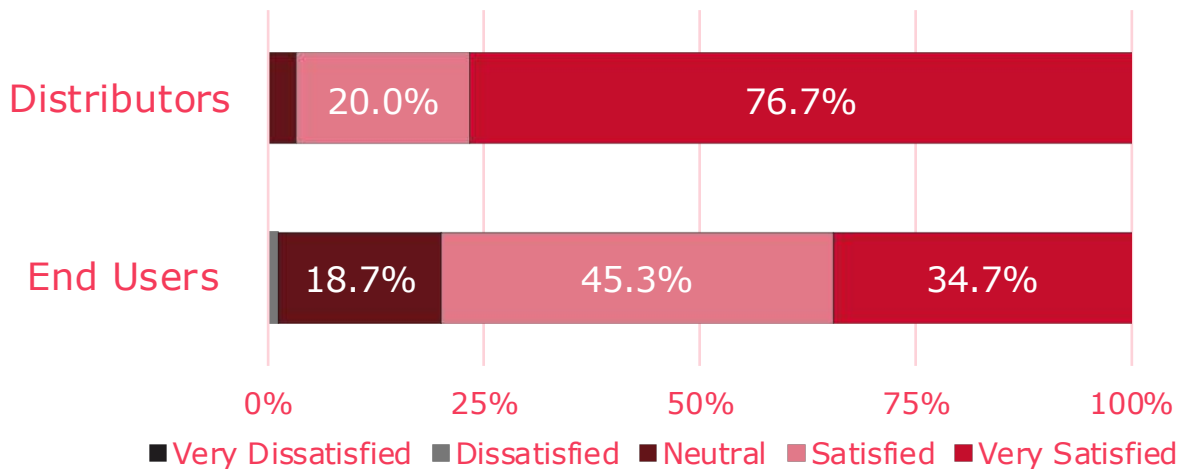


**Conclusion:** As with the Industrial segment, Thern Inc., based on its quality reputation, is the trusted market leader in this study.

# SURVEY RESULTS

## Overall Market: Satisfaction is High

Over three-quarters of distributors are very satisfied with their primary vendor/supplier. End users have reached the 80 percent Top 2 Box Score benchmark and nearly 80 percent are satisfied or very satisfied with their primary vendor/supplier.



**Conclusion:** Distributors trust their supplier, which is supported with their overall satisfaction ratings. There is potential room for improvement for the end-user segment in increasing satisfactions.

# SURVEY RESULTS

## Overall Market: Key Driver Analysis

Key drivers vary widely by industry and market segment. Attributes (product quality, reliability, customer service) surface in multiple segments as critically important to the customer's overall satisfaction.

INDUSTRY	#1 KEY DRIVER	#2 KEY DRIVER	#3 KEY DRIVER
Industrial	Brand/Reputation	Knowledge and Expertise	Relationships With Customers
Water/Wastewater	On-site Engineering Support	Reliability	Efficiency
Distributors	Customer Service	Pricing	Product Quality
End users	Product Quality	Reliability	Lead Time/Inventory

**Conclusion:** Thern's ratings in all key driver categories are stronger than that of the competition, with one exception--lead time, which is an area of operational focus for the future....



# SURVEY RESULTS

## Thern's Satisfaction Scorecards

When examining the segments from a segregated data perspective, there are more variables within the WWW market tied to warranties and turnkey solutions, which impact the total overall satisfaction scores

INDUSTRY	RELATIONSHIPS WITH CUSTOMERS	PRODUCT QUALITY	LENGTH OF WARRANTY	EFFICIENCY	KNOWLEDGE AND EXPERTISE
Industrial	3.90	4.24	3.71	3.90	3.95
Water/Wastewater	3.88	4.16	3.68	3.76	4.28

INDUSTRY	OVERALL SATISFACTION	RELIABILITY	ON-SITE ENGINEERING	CUSTOMIZED SOLUTIONS	TURNKEY SOLUTIONS
Industrial	4.19	4.10	3.62	3.67	3.76
Water/Wastewater	3.88	4.04	3.52	3.68	3.44

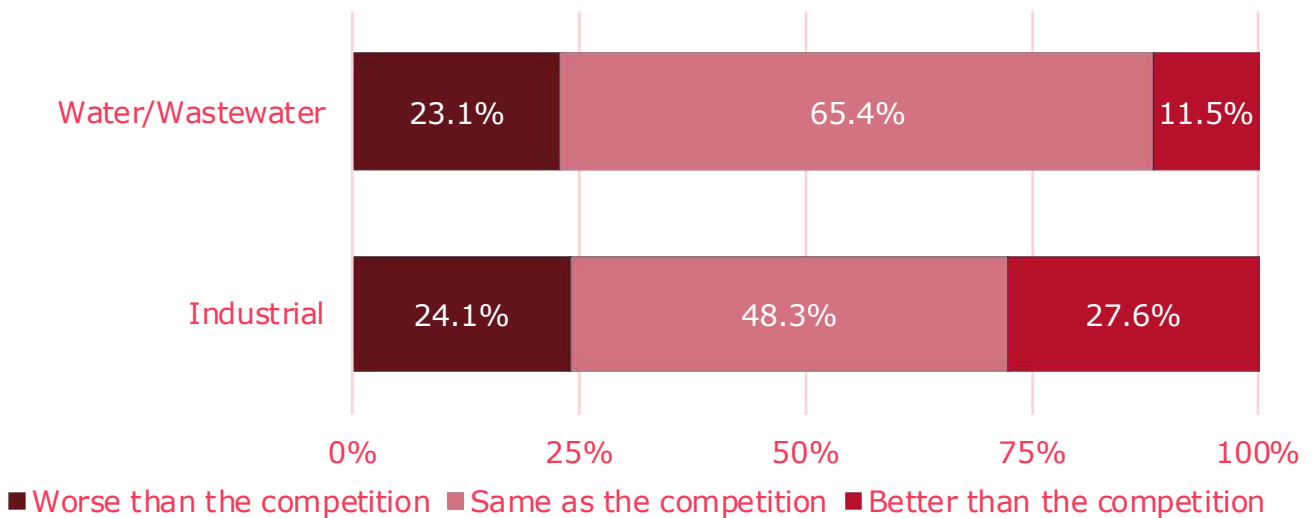
INDUSTRY	CUSTOMER SERVICE	LEAD TIME AND INVENTORY	BRAND/ REPUTATION	DELIVERY/ TURN AROUND TIME	PRICING
Industrial	3.95	3.62	4.24	3.81	3.52
Water/Wastewater	3.84	3.68	4.08	3.72	3.48

**Conclusion:** Overall, the Industrial segment has higher satisfaction scores than Water Wastewater. Thern will continue to provide high quality products and services while focusing on how to improve their warranties and enhance turkey solutions.

# SURVEY RESULTS

## Thern's Pricing Remains Competitive

The majority of respondents, regardless of industry, think that Thern's pricing is comparable to that of the competition.

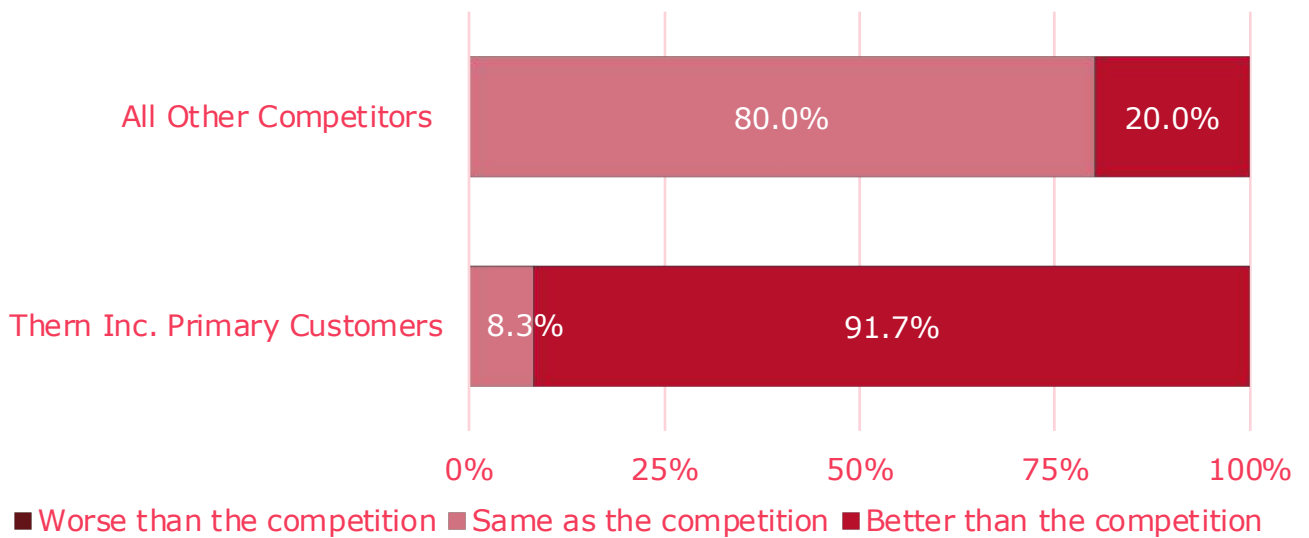


**Conclusion:** Thern remains competitive with its pricing, and will continue to create high-quality products that are priced competitively in the Industrial and Water Wastewater markets.

# SURVEY RESULTS

## From an aggregate perspective Thern leads in product quality

Over 91 percent of Thern Inc.'s primary customers believe that the product quality is better than the competition. Only 20 percent of Thern's competitors end-users rated product quality as better than the competition.

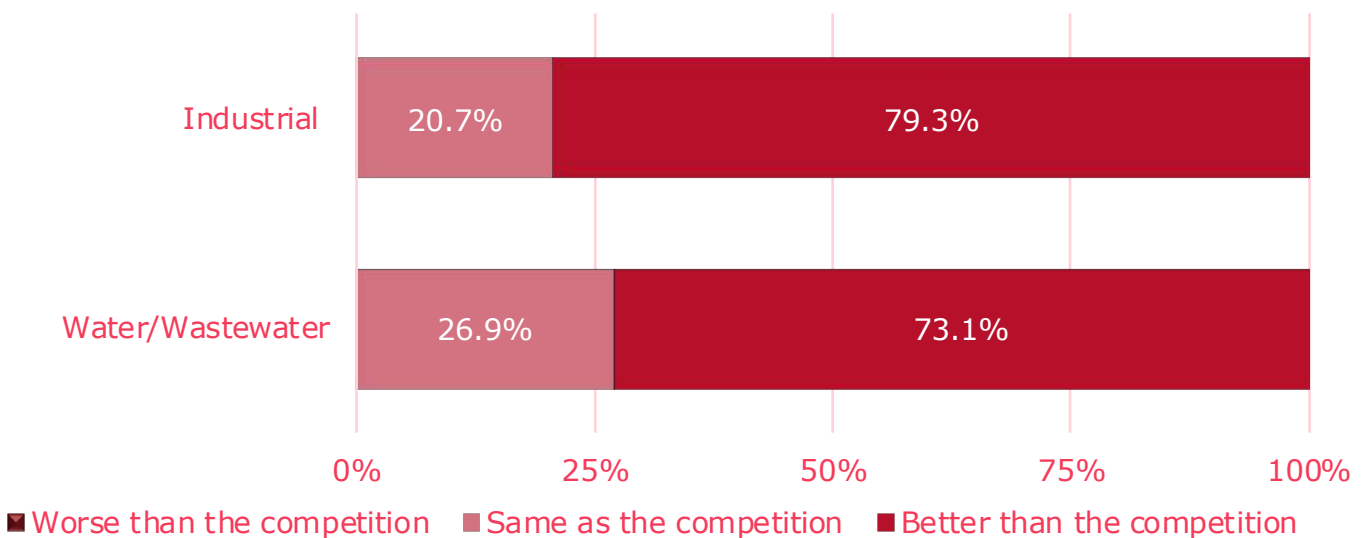


**Conclusion:** Thern is a stand-out in the industry with a great reputation for product quality. Thern will continue to maintain its high standards and produce products built to last.

# SURVEY RESULTS

## Thern is the Leader in Product Quality in both the Industrial and WWW segments

The majority of respondents, regardless of industry, think that Thern's product quality is better than that of the competition. **This is one of the most important attributes consumers look for in suppliers.**

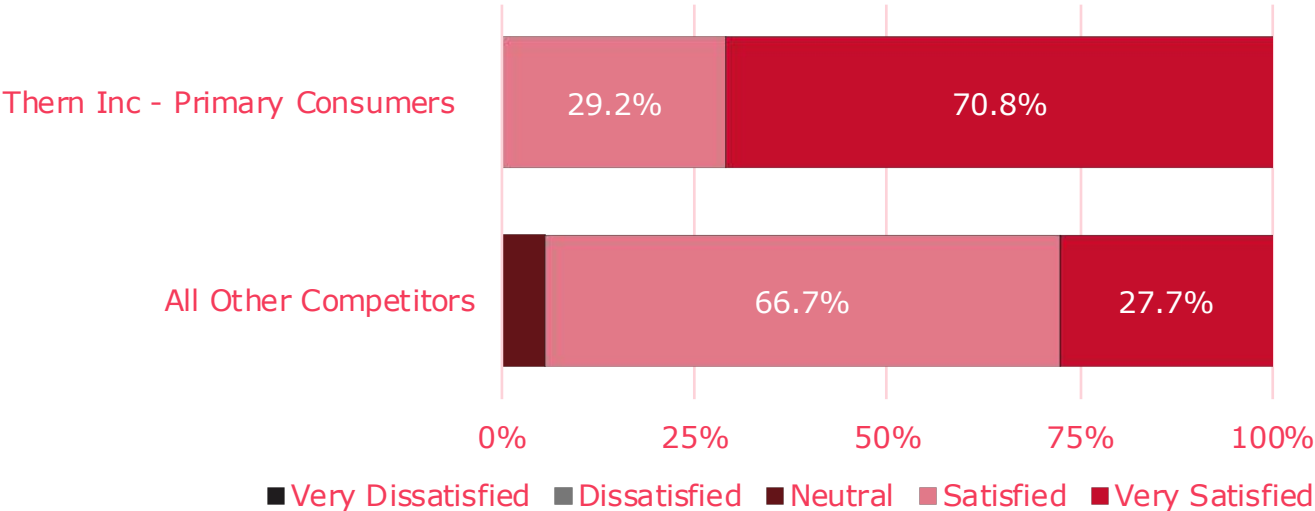


**Conclusion:** For 70+ years Thern has created high-quality durable products. Thern will continue to stand upon its reputation for durable, user-friendly products.

# SURVEY RESULTS

## Overall Satisfaction for the Industrial Segment

Thern Inc. has a 100 percent Top 2 Box Score in the Industrial segment when comparing it against all its competitors.

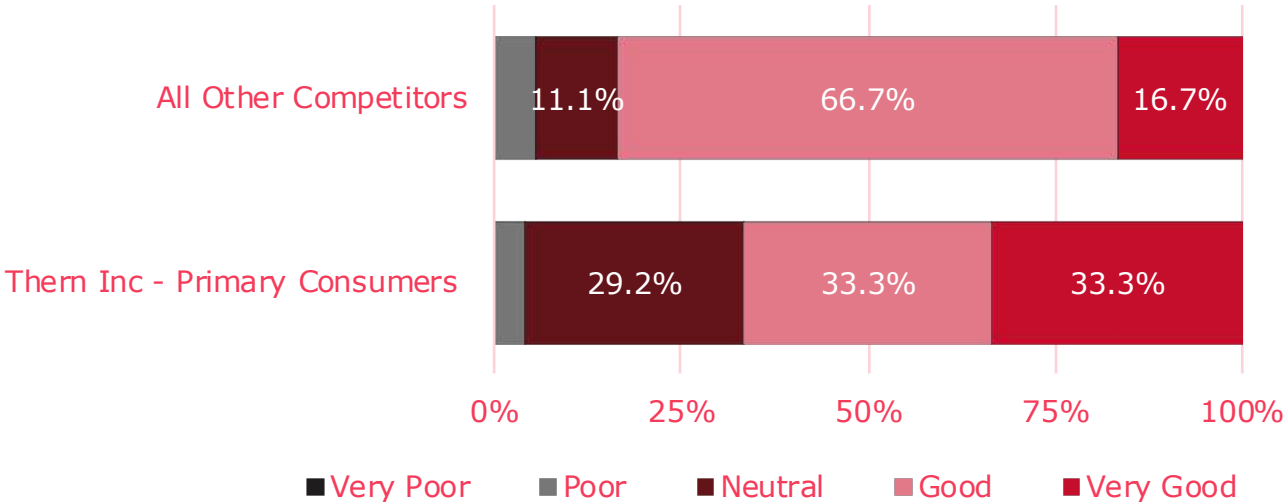


**Conclusion:** End-users rate Thern as the top supplier in the industrial market.

# SURVEY RESULTS

## Opportunities to Improve Thern's Innovation

66.7 percent of Thern Inc.'s primary customers believe Thern Inc. has a **"good" to "very good"** performance in terms of innovation compared with the competition whose top two box scores total 83.4 percent

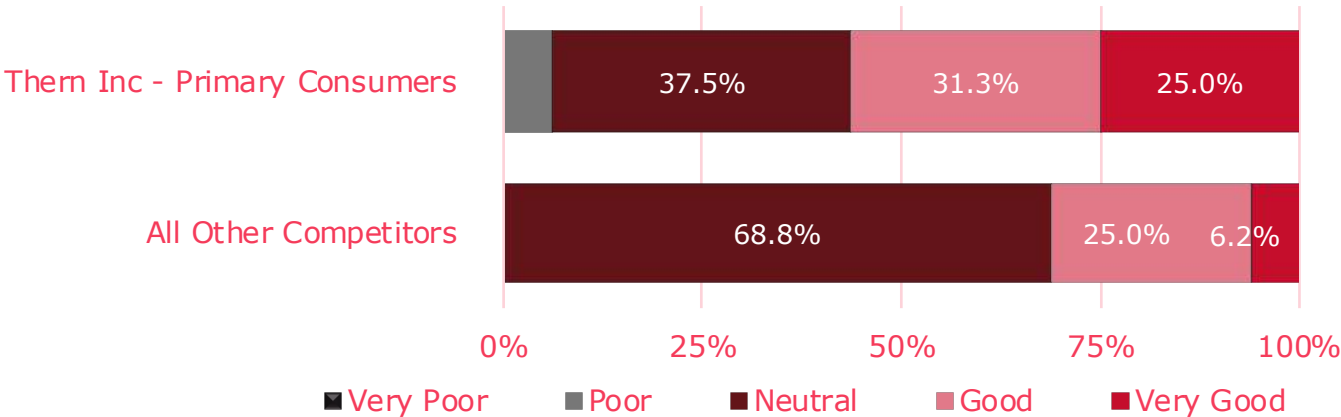


**Conclusion:** Thern will need to enhance their plans for product innovation for the future.

# SURVEY RESULTS

## Thern: Innovators in the Market

56.3 percent of Thern Inc.'s primary customers believe Thern Inc. has a **good – very good** performance in terms of innovation.

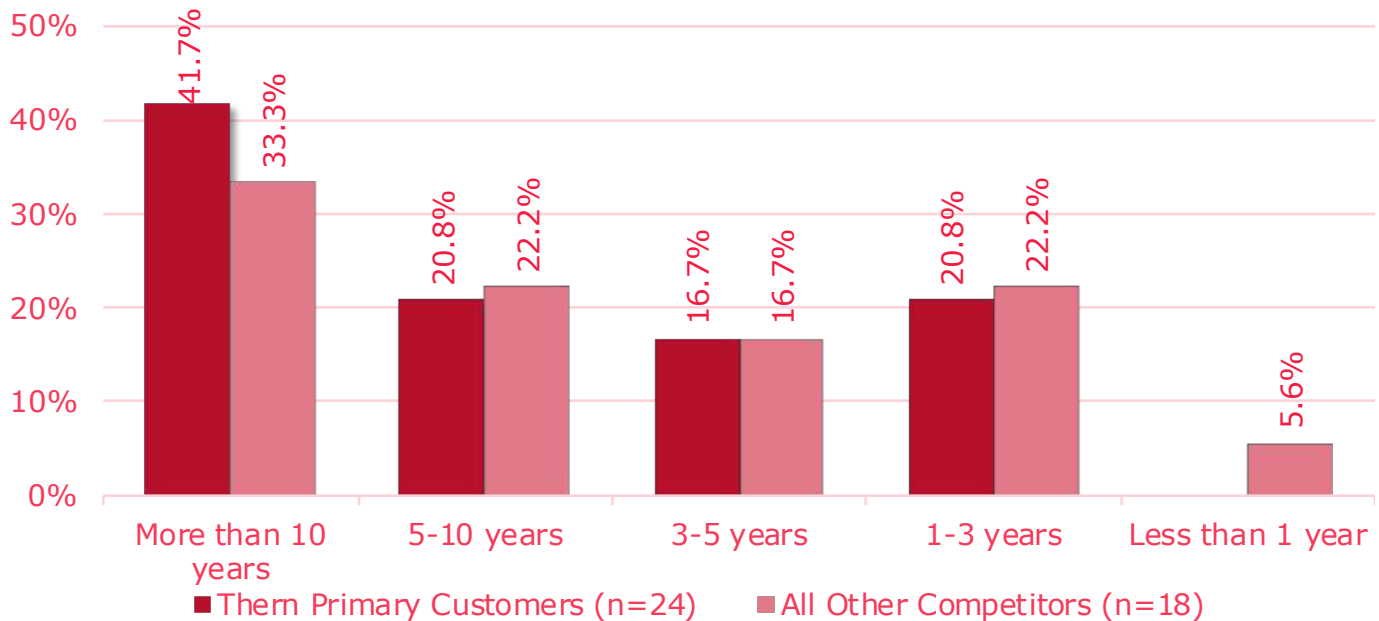


**Conclusion:** Over 56% of respondents believe Thern is innovating more in the Industrial and Water/Wastewater segments.

# SURVEY RESULTS

## Thern's relationships with customers

Over 60 percent of Thern's primary customers have had a relationship with Thern for longer than five years.



**Conclusion:** The length of Thern's client relationships demonstrate the customer loyalty that has been earned by Thern and its team.



# SURVEY RESULTS

## Thern's Scores Higher in all Attributes

Thern Inc. trends higher than the competition in product reliability, on-site engineering, customized solutions, and turnkey solutions.

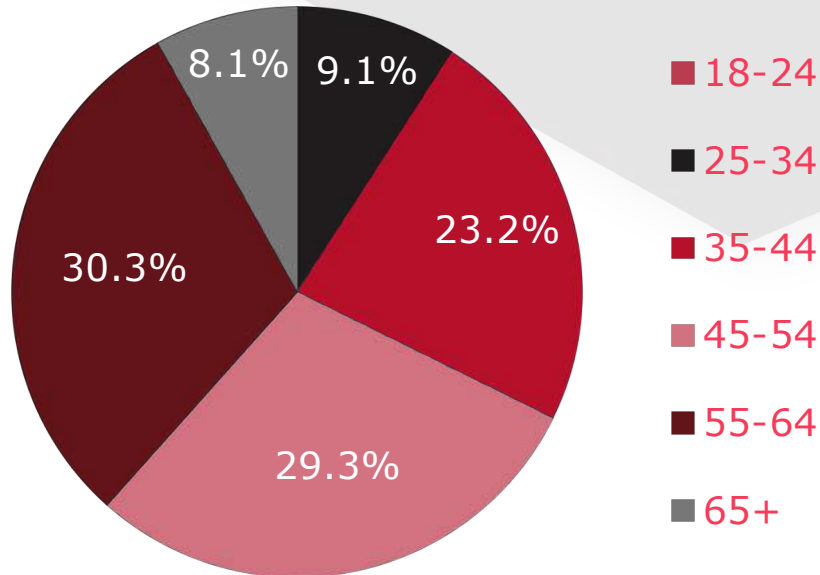
PRIMARY VENDOR	OVERALL SATISFACTION	RELIABILITY	ON-SITE ENGINEERING	CUSTOMIZED SOLUTIONS	TURNKEY SOLUTIONS
Thern Inc.	4.13	4.50	3.67	3.91	3.68
All Other Competitors	3.94	4.29	3.18	3.53	3.43

**Conclusion:** Clearly, Thern's reliable reputation and high satisfaction scores across the board drive the overall satisfaction for customers.

# DEMOGRAPHICS

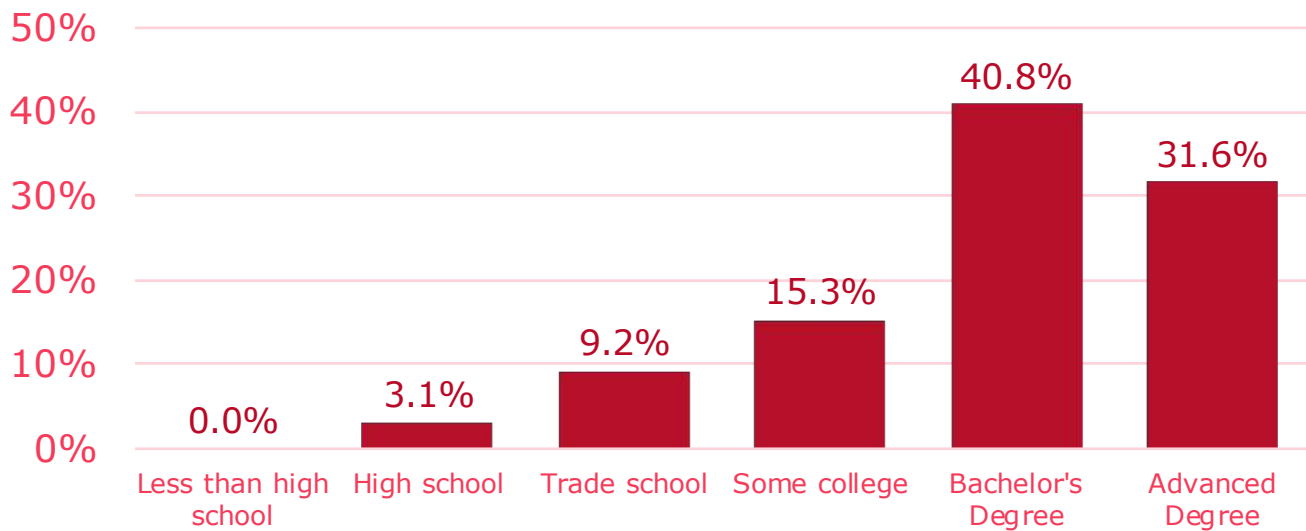
## Age Range

Nearly 60 percent of respondents are 45-64.



## Education

Over 70 percent of respondents have a college degree.



# CONCLUSION

On behalf of Thern Inc., I'd like to **thank you for reviewing this white paper.** We hope you find the results of this research study as illuminating and valuable as we do. At Thern Inc., we take pride in always putting our customers first; it's been that way for 70 years, and our number one priority will always be customer satisfaction.

This research included a balanced representation of all of our targeted industries: **industrial, water/wastewater and theater**, and it is important to note that Thern Inc. has a 40 percent market share amongst all respondents. We've created two white papers as a result of this study, one for Industrial and Water/Wastewater and one for Theater.

We were very happy, but not surprised, to learn that "product quality" is the most important attribute for decision makers in both industrial and water/wastewater. Thern ranked the highest across the board for product quality versus our competitors.

Perhaps the most important takeaway from this study is that growth trends are predicted for all segments– 41.4 percent of respondents say their demand for davit cranes and winches will increase in the future.

At Thern we are dedicated to enhancing our product innovation for the future. We are proud that we've earned a trusted position in the marketplace with high-quality products and competitive pricing, and we know that we can only maintain that position with continued service and innovation.

Once again, thank you to everyone who participated in this research study, and thank you for taking the time to read the results we uncovered.

**Please don't hesitate to reach out to anyone at Thern to inquire about how we can be of service to you!**

Respectfully,  
Tedd Mogan  
President, CEO  
Thern Inc.

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