



ADAYANA[®]
AGRIBUSINESS
GROUP

Quantitative Customer Segmentation

Strategy and Management
Consulting

Regional Feed Supplier

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Situation

A regional animal nutrition company turned to Adayana to help develop a strategic plan for their organization. Adayana led the senior leadership team through a strategic planning process that began with crafting new vision, mission and strategic intent statements and clarifying the organization's values. The leadership team also completed a thorough SWOT Analysis (strengths, weaknesses, opportunities and threats) and prioritized the critical strategic issues and opportunities facing their organization. Ultimately, the team identified five core strategies and developed a comprehensive set of strategic initiatives around each of the core strategies. During the enterprise-wide strategic planning process, it became evident that the Dairy Division was an essential component of the overall business, but was in need of a more focused and clearly defined business and marketing strategy. The team established specific objectives for this business unit, including double-digit growth in sales volume and more than a two-fold increase in their operating income.

Solution

The company identified four initiatives that would support the improvement of their dairy business. Then, they chose to focus on a segment-specific marketing strategy that would help them categorize customers by something other than size and geographic location. Specific value propositions would then be built to meet the needs of targeted market segments.

Adayana collaborated with the company to build a quantitative, research-based market segmentation study. To begin understanding characteristics of each segment, Adayana conducted five focus groups with dairy producers across the company's trade territory. The feedback generated in these focus groups was used to craft a segmentation survey designed to gather information about producers demographics, business needs, and purchase behavior indicators, including their needs and preferences related to products, services, pricing and delivery approaches. Adayana analyzed the results from more than 250 completed surveys and identified four unique customer segments.

After defining the unique wants, needs, and preferences of each segment and estimating the overall market opportunity with each segment based on research results, Adayana helped the organization prioritize the segments according to each segment's needs and the company's core capabilities and business objectives. Then, Adayana facilitated a process for designing alternative value propositions for each of the targeted segments.

Following the brainstorming of potential value proposition components, Adayana completed a third set of interviews with 120 dairy producers to gauge their interest in specific value proposition components. This step helped the leadership team define the specific products,

services and marketing approaches that were likely to be most effective with each of the targeted segments. Following the conclusion of this research phase, Adayana developed a training program and facilitated workshops at the company's National Sales Meeting. During these sessions, salespeople not only became acquainted with the specific needs, preferences, and characteristics of customers within each market segment, but they also received a short list of "predictor" questions to use with customers and prospects.

Following the National Sales Meeting, salespeople were given the assignment of interviewing a targeted number of customers/prospects and sending the responses of the predictor questions to be entered into a corporate marketing database at their company headquarters. After inputting the answers to the predictor questions, the Dairy Marketing Team sent salespeople the projected segment profile for each of their targeted prospects/customers. Salespeople used this insight to determine which of the value proposition components they would position with each of their customers/prospects.

Success

By completing this project, the regional feed company gained a much more accurate picture of the wants, needs, expectations, and perceptions of dairy producers in their targeted market geography. More importantly, they increased alignment between marketing, sales, management, and technical staff regarding what type of customers they should target and what kinds of value propositions they needed to design and offer to attract and serve the targeted segments. This alignment enabled them to effectively deliver the new service offerings developed prior to and during their work with Adayana through their new value propositions.

Salespeople left the sales meeting with a much clearer picture of the type of customer they should focus on and a helpful tool to use to engage customers and prospects in useful conversations about value. To date, the organization has profiled more than 320 customers and prospects. Within the first 90 days, this effort has resulted in the implementation of new service offerings and has generated 174 new customers, resulting in a new customer rate 40% higher than the prior quarter. Additionally, the farm size served by the company grew; 16 farms had more than 200 cows, including a farm of 5,000 dairy cows. As importantly, it has created a more crystallized focus for the sales organization and the motivation to call on some prospects and/or former customers who haven't been called on in some time.