

MARKET SEGMENTATION & VOC

Advisory. Consulting. Transformation

February, 2018

POWER GENERATOR MANUFACTURER

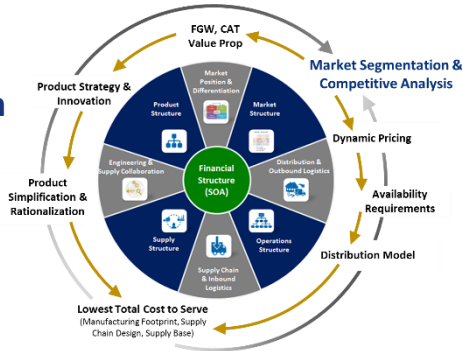
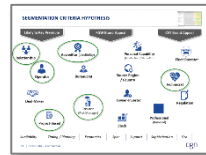
Fortune 100 Heavy Equipment Manufacturing Company



Questions WHERE WHO HOW

- Where to Compete? - Who to Compete against? - How to Compete?
- What are the true value drivers for our target customers?
- Where to most effectively apply and leverage our value prop?
- How to properly target key markets to drive top line growth?
- How does our pricing compare to the competition? Do they vary their pricing by industry segment or country?

Transformation Findings



- 500+ competitive price data points collected across 11 countries
- ~100 interviews with actual genset customers
- 8 dealer site visits across multiple regions
- Target market segments identified (attractiveness v. competitiveness)
- Regional pricing strategy established
- Value proposition redefined to better align with customer views

Context & Objectives

- In the last 4 years, the client had turned its business from unprofitable to profitable. Unfortunately, during this time, its revenue and market position declined, particularly in its historical stronghold of Africa and the Middle East.
- Achieving its bold 2020 goals required a strategy refresh to define the future business model. A Market-Driven approach is a key piece of that strategy. A thorough understanding of key customer requirements, market dynamics, and competitiveness forms the foundation of the decisions made to shape the rest of the business.

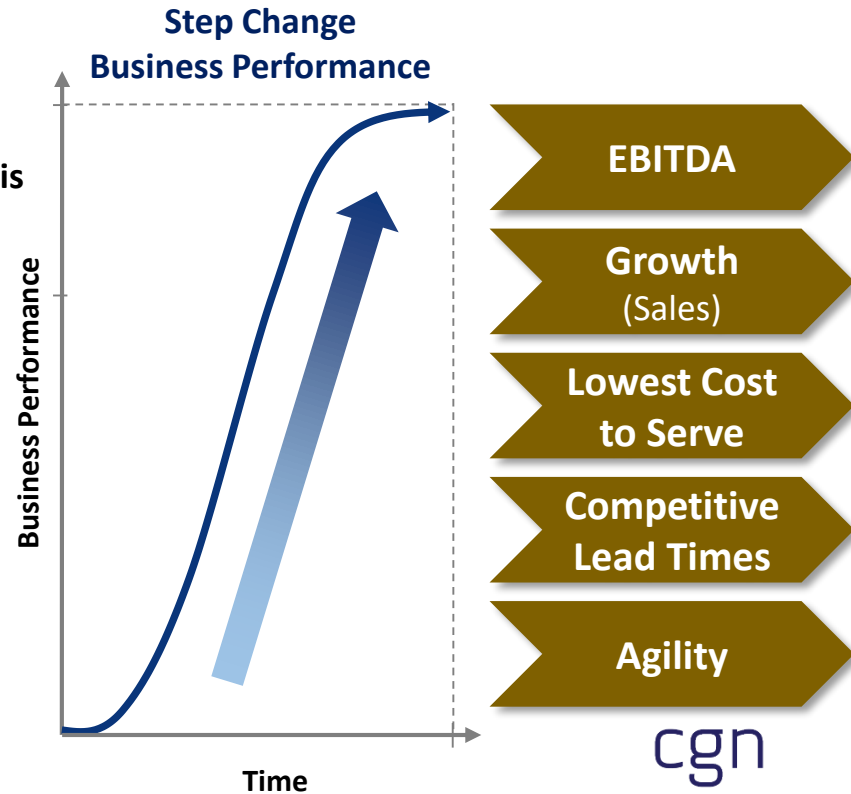
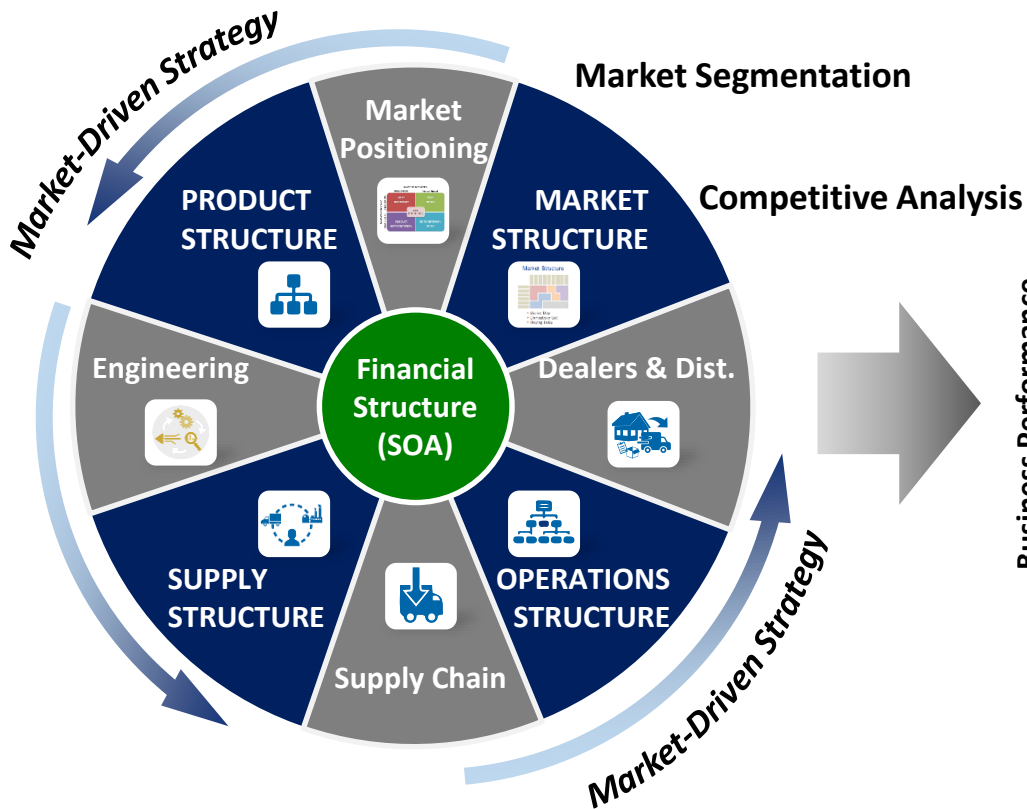
Approach

- Conducted interviews with customers, industry SMEs, even competitors
- Performed secondary market research, analyzing existing market studies
- Triangulated research with VOC & VOB interviews to identify gaps in market understanding
- Competitive analysis to understand strengths and weaknesses of top competitors and ability to compete in each market
- Overlaid research findings with competitive assessment to formulate target market recommendations and competitive strategies

SEGMENTATION OBJECTIVES

Leverage market & competitive intelligence, pricing & segmentation to:

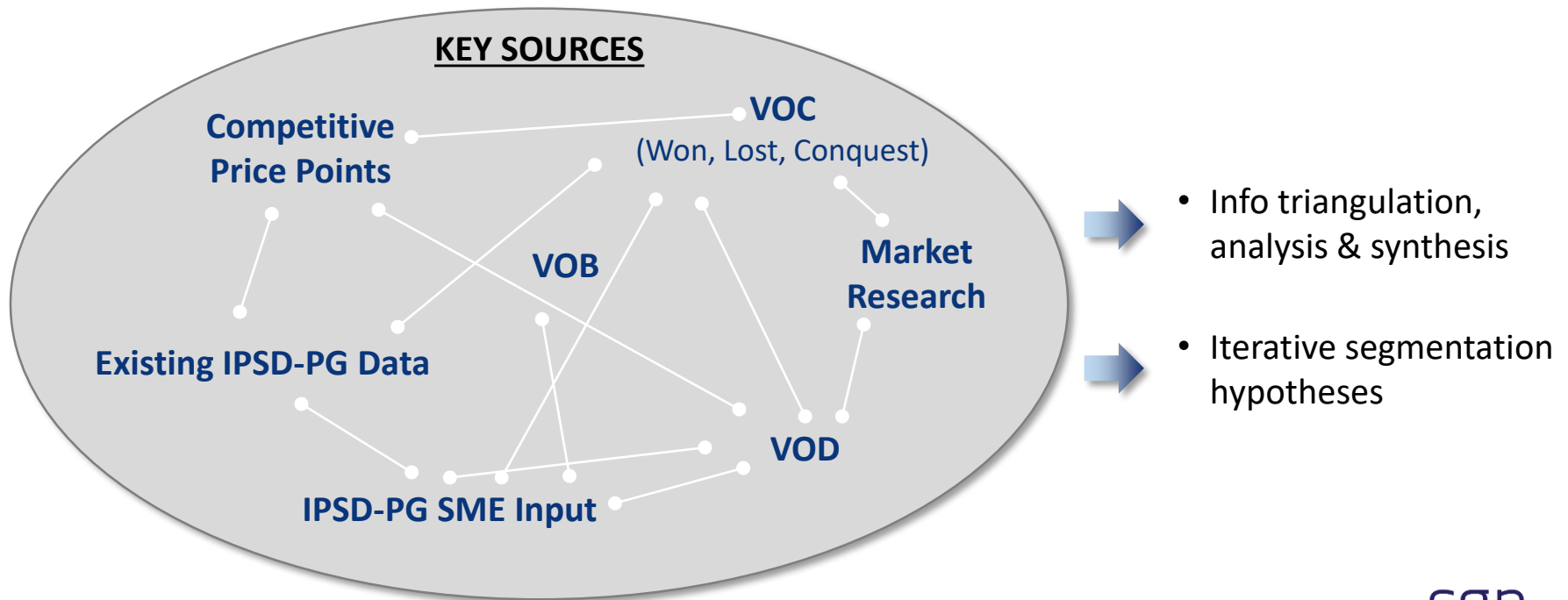
- Inform & empower customer-driven strategy
- Collaborate with value chain partners to transform performance through profitable growth



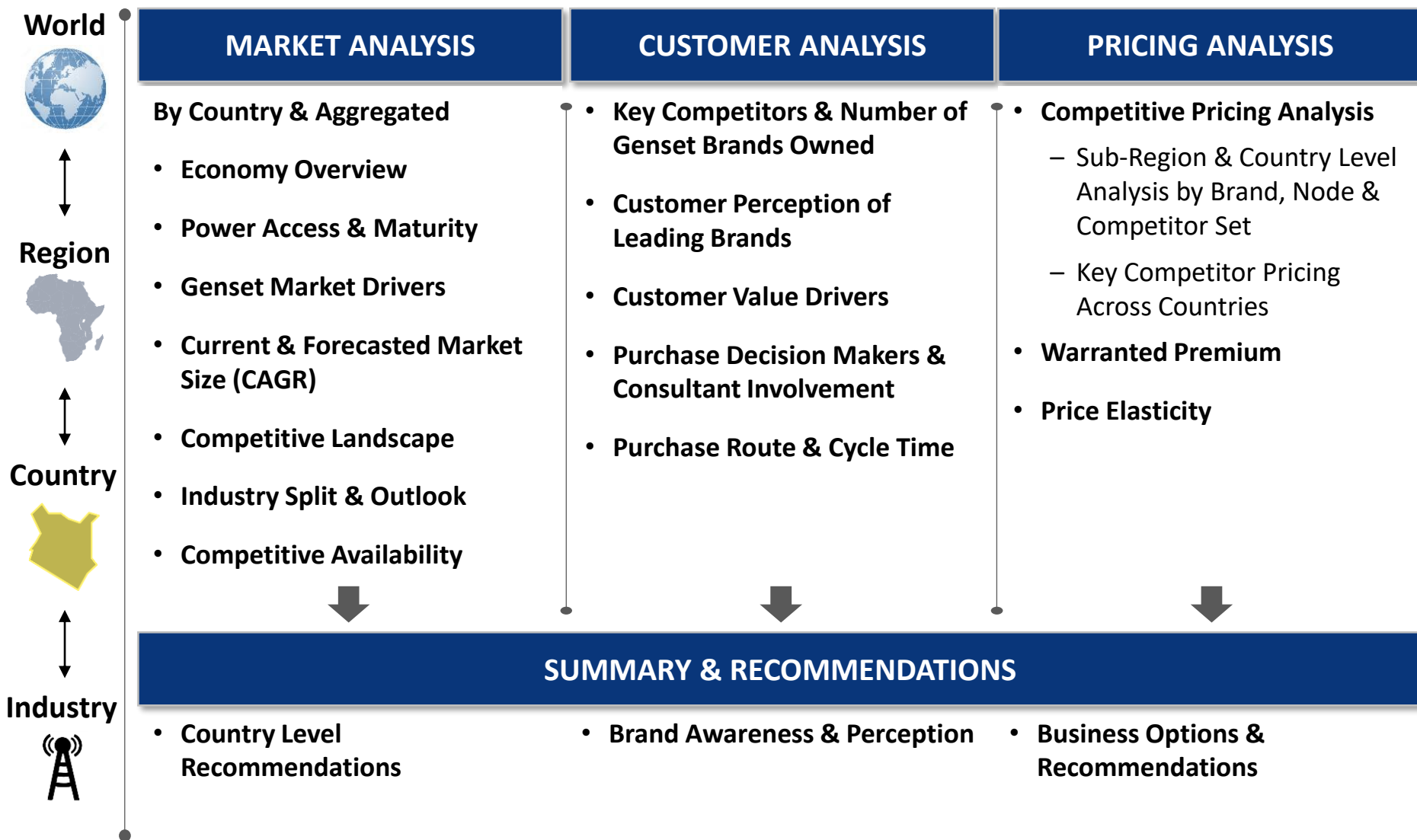
STRATEGIC QUESTIONS & OVERALL APPROACH

- Who are our target customers?
- What is the \$ size of target segments?
- What premium will the market bear?
- How do we drive profitable growth (short, mid, long-term)?

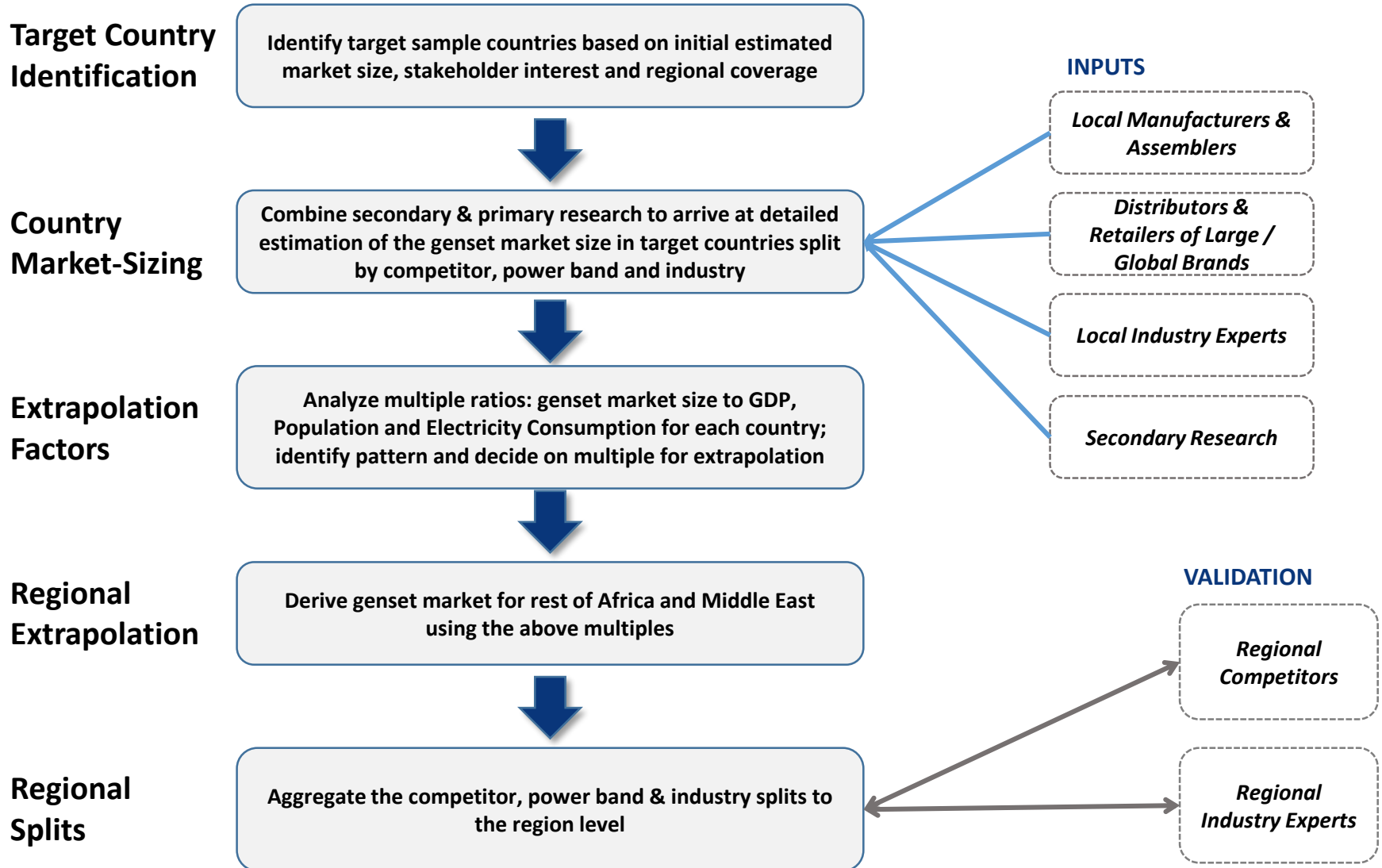
Segment defined as combination of geography, buying behavior, industry/application, usage profile & product platform based on differentiated genset value chain strategies to target



APPROACH, ANALYSES & OUTCOMES



MARKET SIZING & EXTRAPOLATION APPROACH



VOC APPROACH & METHODOLOGY

Won / Lost Customers

Conquest Customers

Customer Selection

Identification of current customers

Detailed primary research of Genset Suppliers / Distributors / Importers in each country of interest

Identification of top 5 – 6 Genset demand industry segments in each country

Review of “Won” selections with Dealers. Identification of Lost & Conquest opportunities.

Identification of top 3 – 4 companies in each industry segment

Interview Execution

Blind format and primary interview based on semi structured discussion guide

Data Collation & Review

Information collection, collation and validation

Synthesis/ Triangulation

Analysis to draw insights specific to industry/region/country

VOC INTERVIEW STRUCTURE

Interview Question Topics: Mix of qualitative & quantitative



Key Deliverables

Key Customer Segments

- Key industry segments driving the demand for Gensets in each country
- Genset capacity range for each segment

Buying Behavior

- Key requirements – High quality, Reliable, Usage level, Cost, etc.
- Decision making process
- Degree of Brand Preference
- Opinion on connected assets / remote capability

Purchase Practices

- RFQ / Tender-based purchase
- Frequency of purchases
- Purchase / Sales cycle or timelines
- Availability / Lead Time requirement*