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Creating & Maintaining A Competitive Advantage

Frank B. Siebrecht



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Competitive Advantage

■ Definitions

■ The Process

- Market segmentation
- Identification of customer needs/wants
- Competitive analysis
- Implementation

Definitions

- **Marketing**

- Create and keep customers

- **Strategy**

- Management of resources

- **Market segmentation**

- Customer classification

- **Competition**

- Direct and indirect substitution

- **Competitive advantage**

- Profitably beating the competition

The Process

■ Information requirements

It's not what we don't know that can hurt us, it's what we think we know and don't that gets us in trouble.

- Identify customer needs/wants
- Prioritize requirements
- Measure performance versus competition

The Process

■ **Identifying customer needs/wants**

– **Product needs**

- Products that perform
- Available when/where needed
- Packaged right
- Priced right
- etc.

The Process

■ **Identifying customer needs/wants**

– **Service needs**

- Knowledgeable people
- Responsive people
- Easy procedures
- etc.

The Process

■ **Prioritizing Requirements**

– **By Segment**

- Top third
- Middle third
- Bottom third

– **By Product/Service**

- Product A
- Product B
- Consultative services

The Process

■ **An Example**

– **Qualitative input**

- Customers
- Sales force

– **Quantitative measurement**

- Nine different business dimensions
- One hundred and four different variables

The Process

■ **Business dimensions**

- Product(s)
- Pricing/billing
- Packaging/delivery
- Customer service
- Technical service
- Promotional support
- Nutritional issues
- Sales reps/agents
- Company management

The Process

■ **Activities within dimensions**

– **Customer service - example**

- Provides me accurate information
- Readily available to take orders
- Provides order status information
- Has 800 number
- Handles special requests well
- Open during hours convenient to me
- Minimum turnover in sales reps
- Responsive to complaints/problems
- Provides answers quickly

– **etc. for other eight business dimensions**

The Process

■ Prioritize activities

Mean Importance

Example - Customer Service

- | | |
|--------------------------------------|------|
| • Provides me accurate information | 5.65 |
| • Readily available to take orders | 4.96 |
| • Provides order status information | 5.25 |
| • Has 800 number | 4.25 |
| • Handles special requests well | 5.19 |
| • Open during hours convenient to me | 4.10 |
| • Minimum turnover in sales reps | 5.50 |
| • Responsive to complaints/problems | 5.43 |
| • Provides answers quickly | 5.07 |

The Process

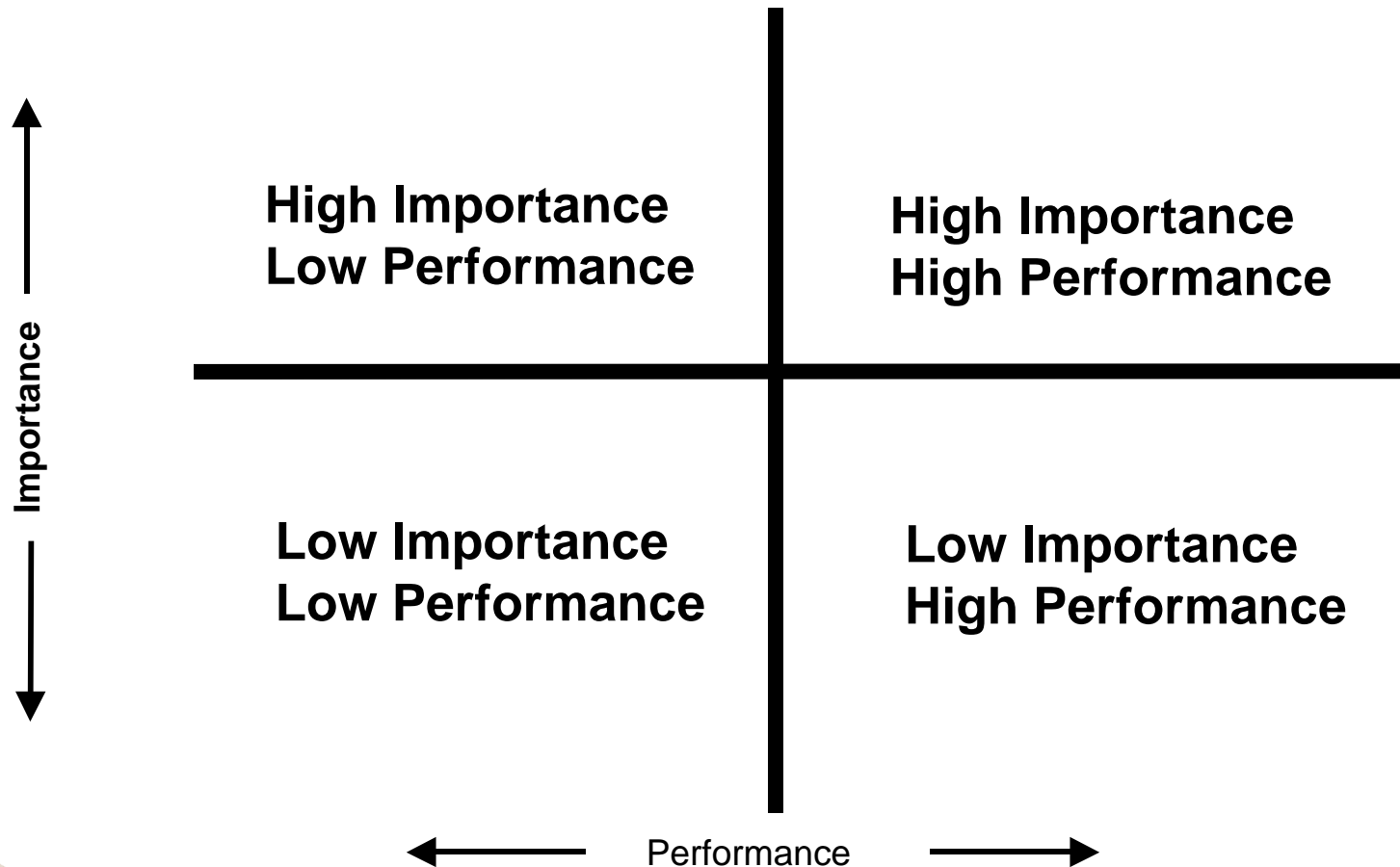
■ **Competitive Comparison** Mean Performance

Example - Customer Service

- | | |
|-------------------------------------|------|
| •Provides me accurate information | 4.95 |
| •Readily available to take orders | 5.66 |
| •Provides order status information | 5.25 |
| •Has 800 number | 4.65 |
| •Handles special requests well | 5.31 |
| •Open during hours convenient to me | 4.90 |
| •Minimum turnover in sales reps | 4.25 |
| •Responsive to complaints/problems | 5.35 |
| •Provides answers quickly | 5.10 |

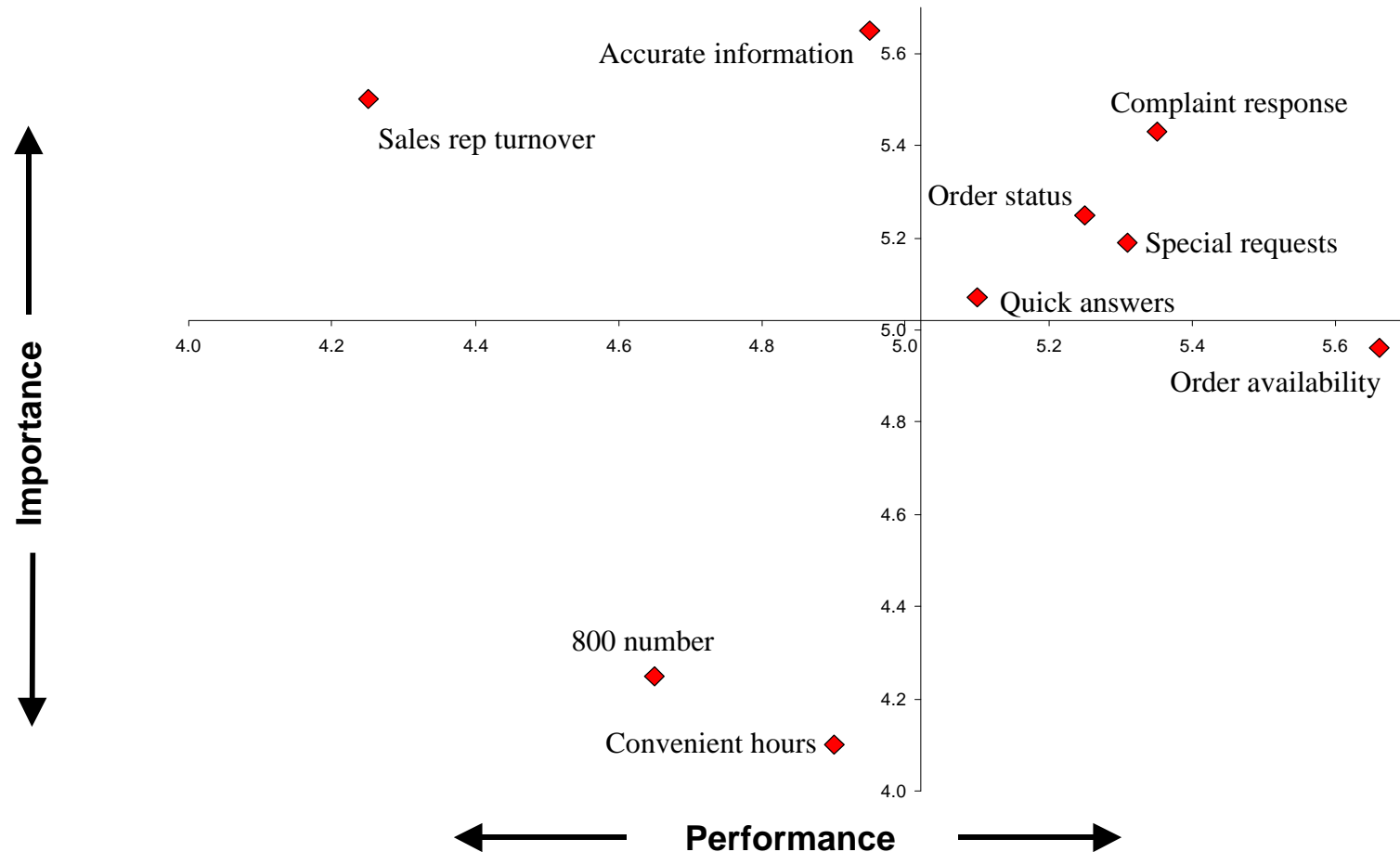
The Process

Competitive Analysis Matrix



The Process

Customer Service Matrix



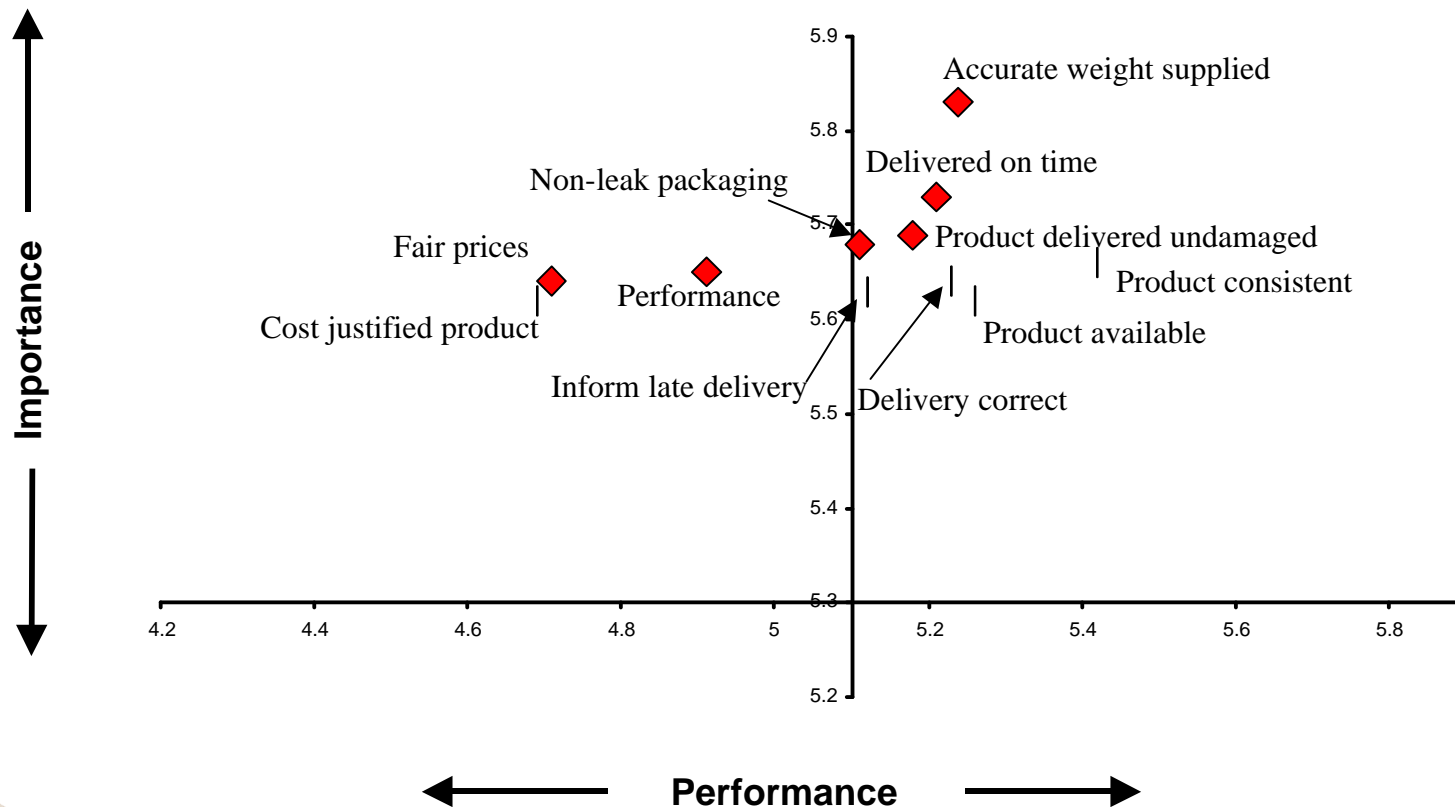
The Process

Top 10% in Importance

	<u>Importance</u>	<u>Performance</u>
Product supplied at accurate wgt.	5.83	5.24
Delivery when specified	5.73	5.21
Delivers undamaged product	5.69	5.18
Provides packaging that doesn't leak	5.68	5.11
Product is consistent with specs	5.66	5.42
Product performance matches trial results	5.65	4.91
Delivery matches order	5.64	5.23
Changes fair price for product & service	5.64	4.71
Informs me when delivery can't be met	5.63	5.12
Product can be cost justified	5.62	4.69
Has product readily available	5.62	5.26

The Process

Competitive Matrix...Top 10% on Importance



The Process

■ **Three areas for improvement**

- Charges fair price for product & service
- Product can be cost justified
- Product performance matches trial results

The Process

■ **Turning Data into Information**

- Segment responses...e.g., by customer size
- Plot all measurements ranked on performance
- Separate activities by quartiles or quintiles
- Analyze results
- Develop plan
- Execute plan
- Measure results

The Process

■ Some Possibilities

- **High importance, high performance**
 - Protect and capitalize
 - Promote/merchandise
- **High importance, low performance**
 - Correct/improve
 - Promote/merchandise
- **Low importance, high performance**
 - Evaluate/reduce resources
- **Low importance, low performance**
 - Set aside

The Process

■ **Some Possibilities ... (continued)**

– **Employee teams**

- Customer focus
- Better/faster
- Involvement

– **Customer panel**

- Mutual understanding
- Issues management

– **Manufacturer/supplier forums**

- End-user focus
- Mutual understanding
- Leverage resources

The Process

■ Execution

- Plan your work, work your plan
- Focus...getting and keeping customers
- Promote/merchandise results
- Communicate, communicate, communicate
 - Meetings
 - Mailings
 - Advertising
 - PR

The Process

■ Measurement

– **If you don't measure, you can't manage**

- Track customer satisfaction
- Measure loyalty
- Evaluate future intent
- Measure willingness to recommend

Creating & Maintaining Competitive Advantage

- **You can't be everything to everybody**
- **It's not just one thing**
- **It is about customer value**
- **It is about beating the competition...profitably**

HAVE A GOOD YEAR