SEMIS,
Introduction to Seed Company
Customer Management and
Retaining Customers

Nairobi, 24.07.2012
Dilip Gokhale
Customer Management

• Defining our product: seed
• The four ‘C’s
• Identifying the customer
• Customer segmentation
• Identification of Customer needs
• Customer satisfaction
• Building loyalty
• How to stop from switching
Defining our product class

• First and foremost, let’s realize that seed is not a consumer product but an industrial product.

• The dealer is buying it to sell it in turn and make profit.

• The farmer is buying it to produce a crop. So for him a seed is a raw material.

• He is not going to pay an irrational price for the seed e.g. a Rolex watch.

• Yet, he may be willing to pay a very high price for seed as long as he gets return commensurate to investment.
Defining our product class

Our business is “creation of value” for the customer

- Syngenta’s highest priced tomato seed sells at $250,000 / kg
- A gm. has 250 seeds, a kilo has 250,000 seeds
- So cost of each seed is $1.00
- The farmer makes a plant from every seed
- A vine gives 100 tomatoes or 15 kg tomatoes / plant
- The wholesale price is $1.50 / kg
- He gets revenue of $22.5 from each plant / seed
- Thus Syngenta is charging less than 5% of his revenue for seed
Let’s view the four ‘P’s in marketing from the customer’s point of view:

**Company**
- Product
- Price
- Place
- Promotion

**Customer**
- Customer Solution
- Customer cost
- Convenience
- Communication

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Identifying the Customer

• Who is the Seed Company customer?

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The Customer

- Who is the Seed Company’s real customer?
  - Is it the seed dealer?
  - The farmer?
  - Produce buyer / marketer?
  - Consumer?

- All these are seed company customers

- A successful product / seed variety must meet the needs of all these customers
How does a company segment customers?

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Customer Segmentation

• In 2010, I was teaching at a Cornell University programme in South Africa
• There was a Case study of a new chocolatarie set up by a young black woman
• She had imported chocolate making machines from Belgium
• Taken training in chocolate making in Europe
• Started production of high end chocolates
• I asked, which customer are you targeting?
Customer Segmentation

- I said, to begin with, let’s focus on South Africa.
- Next, I advised her to segment the customers as follows:

<table>
<thead>
<tr>
<th></th>
<th>Rich</th>
<th>Middle class</th>
<th>Poor</th>
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<tbody>
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<th>Rural: Not now because reaching out too expensive</th>
<th>Urban: Joburg, Cape Town, Durban, Pretoria, East London</th>
<th>Smaller Towns</th>
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<td>Super markets</td>
<td>Small shops</td>
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Customer Segmentation

How does a company segment / prioritize customers?

– By geographical area: Africa > Kenya > Highlands
– Farm size: Large, midsize, small
– Income level: Rich, middle class, subsistence farmer
  – Intensity of farming: Use of irrigation, fertilizers and pesticides
– Purchasing power: High, medium, low
– Credit terms: cash or credit
– Direct and indirect customers
– Individual and institutional customers
– Governments  

(contd …)
Customer segmentation

There are 75 market / customer segments below

- World
- Africa
- Kenya
- East. Lowlands
- West. Highlands
- All crops
- Maize
- F1 Maize
- Single Cross
- Proprietary

- Comm. > 500 ha
- Medium size
- Small scale
Customer Segmentation

- By geographical area:
  - Kenyan highlands: > 50 ha, maize growers
- Farm size / crops
  - High
- Income level
  - Intensive cultivation
- Intensity of farming
  - High
- Purchasing power
  - Indirect (purchase through dealers)
- Direct and indirect customers
  - Individuals
- Individual/institutional customers
  - Private
- Governments
Stair-stepping the needs of various customers

What does each of these customers want?

Consumer:
• Good taste and
• Cooking quality of Ugali

Produce marketer: In addition to the above,
• Good size and uniformity of grain,
• Shine,
• Stores well (storage pest / weevil resistance)
Stair-stepping the needs of various customers

**The farmer:** In addition to what consumer and marketer want,

- Availability
- Seed price
- Germination
- Genetic and physical purity
- Yield potential
- High price for grain,
- Earliness,
- Disease resistance
- Stalk and leaf quality, ... contd

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The farmer:
• Drought tolerance / tolerance to dry spell
• Response to fertilizers and irrigation
• Minimum assured yield
• Service from company / dealer
• Uniformity of grain size
• Attractiveness / shine of grain
• Keeping quality of grain
In fresh produce viz. tomato
• Transportability
• Shelf life
Stair-stepping the needs of various customers

Dealer:

- Ease of selling
- Fast selling product (high farmer demand)
- Attractive packing
- Convenient pack size,
- Highest discount,
- Longest credit,
- Lowest price,
Stair-stepping the needs of various customers

Dealer:
- Service from company,
- Technical support,
- Storage life (seed stores well)
- Favorable return policy
- Catalogues, leaflets, testimonials,
- Demonstrations,
- Field days
- Farmer meetings
- Minimal control (on price)
The Customer Needs

• Current needs
  The first phones (wired land lines)
  Clarity of voice, cost

• Future needs
  Cordless, low cost

• Potential / latent needs
  Iphones with music, photo, emails

A company that is able to satisfy all these needs survives in the long run
The Customer Satisfaction

- Expectation > Reality: Unhappy customer
- Expectation < Reality: Happy customer

A Forum Co. customer survey of 14 major corporations has shown that:

- 15% customers leave because they find a better product
- Another 15% because they find a cheaper option
- 70% leave because of poor or little attention from supplier
Customers are becoming harder to please. They are more price conscious, more demanding, less forgiving and constantly approached by competitors.

- Interact & improve knowledge of their needs
- Customize products, services and messages to each customer
- Train employees to be knowledgeable and friendly
- Treat them as partners
- Enhance growth potential by selling complimentary products
- Treat high value customers in a special way
How to prevent customers from switching

• Create strong barriers
• Deliver high customer satisfaction
• Resolve complaints, don’t just listen to them

Lastly, a customer (dealer / farmer) must be able to say that I like to deal with ABC Seed Company because:
• I make money out of its products and
• I like to deal with its people
Customer Management

Thanks

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