

**SEMIS,**  
**Introduction to Seed Company**  
**Customer Management and**  
**Retaining Customers**

Seed Enterprise Management Institute  
University of Nairobi

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# 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

# Company & Customer

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

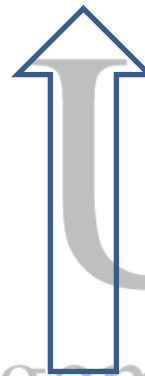
# Identifying the Customer

- 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



# Customer Segmentation

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 targetting?

# Customer Segmentation

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

	Rich	Middle class	Poor

# Customer Segmentation

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- Next, I segmented the customers as follows:

	Rich	Middle class	Poor
Black			
Coloured			
White	Will buy the best in the world, Swiss, Belgian	Will copy rich white when they buy. Will buy local Cadbury or equivalent	Will rarely buy but copy middle class white

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	Rich	Middle class	Poor
Black			
Coloured	Will copy white rich	Will copy white middle class	Will rarely buy a chocolate
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# Customer Segmentation

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	Rich	Middle class	Poor
Black	They are "more white" than the white	Will buy Cadbury plus from the new chocolaterie to support a black business	Will rarely buy a chocolate
Coloured	Will copy whites	Will copy white middle class	Will rarely buy a chocolate
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# Customer segmentation

Black Middle class further segmented into Rural and Urban		
Rural: Not now because reaching out too expensive	Urban:	
	Joburg, Cape Town, Durban, Pretoria, East London	Smaller Towns
	Super markets	Small shops

# Customer Segmentation

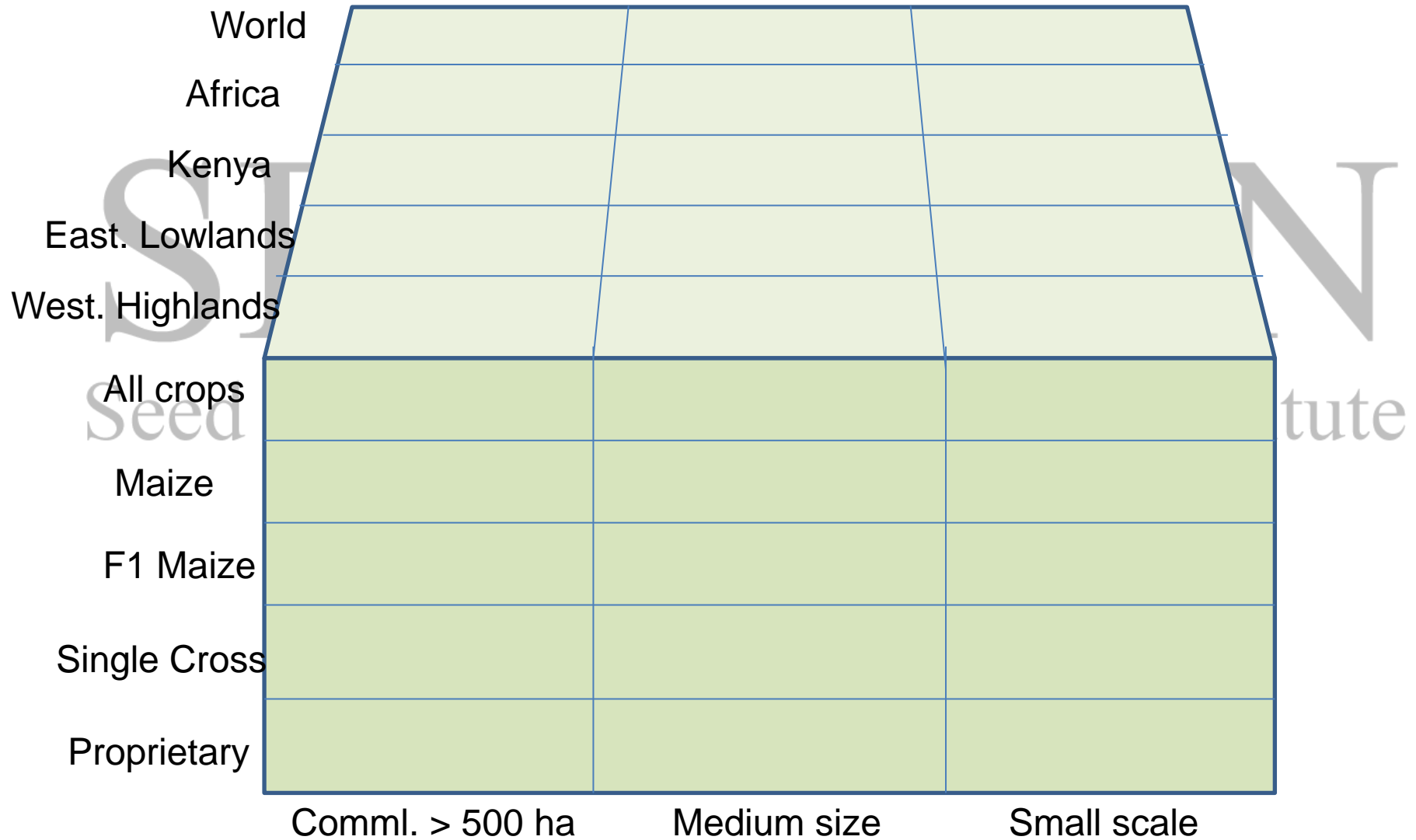
How does a company segment / prioritize customers?

- 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



# Customer Segmentation

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

# 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

# Stair-stepping the needs of various customers

## **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 of they find a better product
- Another 15% because they find a cheaper option
- 70% leave because of poor or little attention from supplier

# How to build customer loyalty

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

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