

CREATING INNOVATIVE SERVICE STRATEGIES FOR PROFIT

by Sarah Potter Aubrey

In today's highly-sophisticated, increasingly-consolidated agricultural inputs marketplace, more customers seem to be asking "what have you done for me lately?" — a discussion that can quickly head down the dead-end road of price comparisons.

"Services are becoming increasingly more important as suppliers fight to differentiate themselves and win farmers' business," said **Dr. David Downey**, Exec Dir for the Center for Food and Agricultural Business at **Purdue University**. "With fewer farmers who continue to become increasingly larger, the stakes are bigger than ever. As suppliers add more tailored services, farmers' expectations are constantly ratcheted upward, creating an environment where they expect to receive more, but pay less."

What wowed customers five years ago tends to become the new norm and, over time, will fail to impress anyone. Downey pointed out that in today's marketplace, if a creative new idea works, it is often immediately copied by another firm. To be competitive, suppliers must be more in-tune with the marketplace

in a way that hasn't been required in the past. They learn very quickly and have the technology to react very quickly to what is working.

Many of these services, while of real value to the farmer, are costly for the supplier to provide. The bigger issue in all of this is how to get farmers to pay for these services. Balancing competitive prices against attractive services that differentiate one firm from another is no small task.

The National Conference for Agribusiness, held November 13-14, 2007 at Purdue University in West Lafayette, IN, will provide a forum for discussion about the critical issue of effectively selling service. The title of this year's conference is *Re-Thinking Service Strategies: Innovations that Drive Profit*. Attendees will learn how to develop a framework for crafting their own strategic service plan. During the conference, speakers from a variety of industries inside and outside of agriculture will share both expertise and examples of how they transformed service into a profit center within their organizations.

One of the featured speakers at the conference will be **Glenn Weckerlin**, Global Dir of Brand and Product Line Management for **Chevron Corporation**. Chevron operates some 22,000 retail locations worldwide selling a commodity product through a complex network of distributors, independents and company-owned retail outlets. In a session titled, "Competitive Response and Escalating Expectations," Weckerlin will discuss how Chevron differentiates themselves from competitors like **Shell** and **BP**. He'll discuss how Chevron earns a premium in a marketplace where competitors are offering basically their own version of the same commodity product.

One of the strategies that Downey and Weckerlin will explore is how to create service strategies that uniquely target different customer segments.

"It used to be that customers were similar enough to one another that a simple standard program worked," said Downey. "But as the market has fragmented into so many different segments, it is a much more complicated process. Everyone in the organization must understand and support the strategy. In some cases, the services may be priced and sold separately. Selling services — a much less tangible offering than a physical product — is a very different proposition."

New service strategies take commitment, but a word of caution for sales managers and marketers: Be careful not to stray too far from what you know you're good at. If you get too far afield, you can lose focus and lose out.

Because ag retailers are faced with so much perceived product parody in the marketplace, the National Conference will cover how to differentiate a brand and while extracting enough of a premium to cover the cost. Still, not every service strategy requires a complete rewrite of corporate culture. According to Downey, sometimes even the simplest strategies can be services that have little or no cost at all. Sending an e-mail to follow up after an order or checking to see if a customer received the product doesn't cost anything.

To learn more about the National Conference for Agribusiness, visit www.agecon.purdue.edu/cab or contact **Jane Ellis Anderson** at 765/494-4247. Team rates apply for groups of three or more from the same company registering at the same time. **AM**

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