



PERFORMANCE LAWN EQUIPMENT

MANAGEMENT REPORT

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INTRODUCTION

Management provided the analysis team with an excel sheet of the Performance Lawn Equipment database. This data included, Mower Unit Sales, Tractor Unit Sales, Industry Mower Unit Sales, Industry Tractor Unit Sales, Dealer Satisfaction, and End-users Satisfaction. From this data, we were to analyze any trend in sales and revenue by market and brand.

SUMMARY OF PROBLEM

The European market presents a large challenge when it comes to both mower and tractor sales. Being the second largest market for tractor and mowers sales, any significant decrease in sales can lead to problems with increasing the bottom-line. For tractor sales in the Pacific market, red flags are occurring with a large and sudden slowdown in sales. As an emerging market, seeing such declines in growth, signals something significant is going on.

RECOMMENDATION

With mower sales flatlining for the past four years, it would be best to focus the company's resource mostly on the tractor. While it serves a niche market, this niche demographic serves wealthier customers consisting of large estates, such as golf clubs and city parks. Continuing to slightly increase the price of the mower should help increase revenue even without increasing sales. End-User satisfaction is high, meaning customers won't be as sensitive to a price change.

There should an investigation into what factor is causing a consistent decline in sales in the European region. If an investigation is not done, the resource should at least be taken away and move to a more profitable and growing region such as South America where the return on investment is greater.

KEY FINDINGS

The European Market is an area of concern with declining sales and market share

Tractor sales are the main growth driver for revenue accounting for almost 90% of the total revenue for 2014

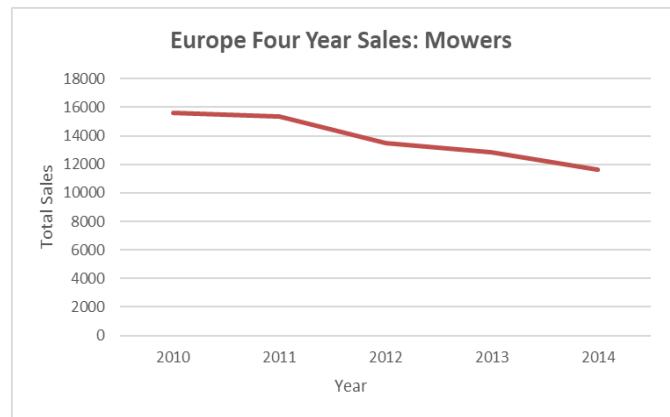
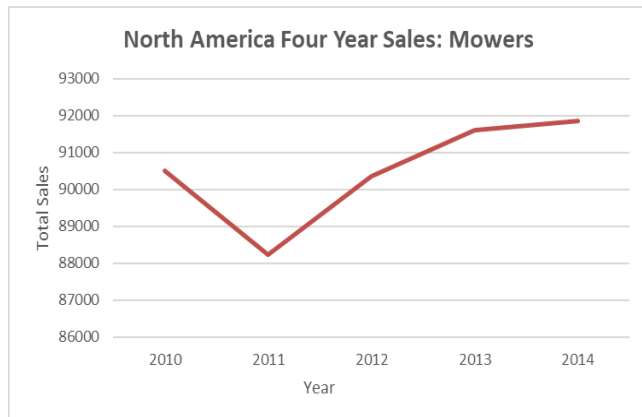
Increasing the price of the mower has allowed for consistent yearly growth even with declining sales.

Emerging Markets such as South America and China show promise for possible future investments

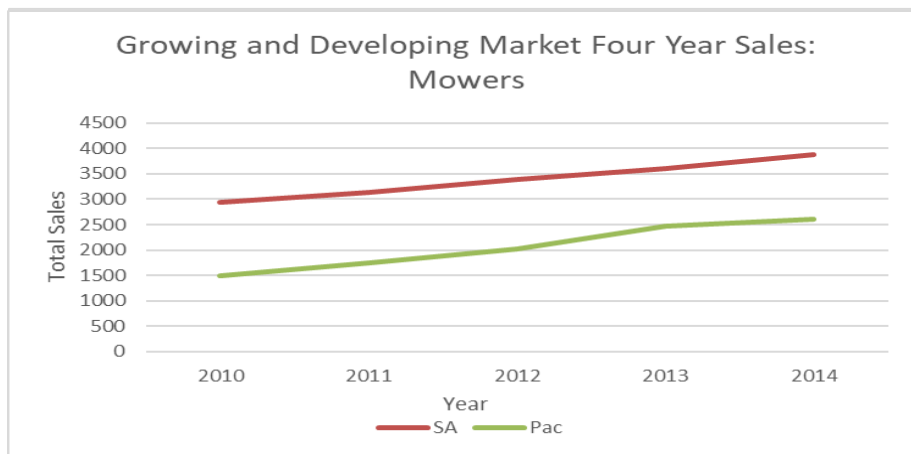
DETAILED FINDINGS

Mower Sales: A Struggle to Grow

North America and Europe the two main markets for mowers struggled in sales with the European market struggling the most in the 2010-2014-time period. Sales in North America stayed relatively flat while Europe's sales decrease for four consecutive years with the largest drop being in 2013 and 2014. North America has the highest sales from all the markets, with almost 80,000 then the closest market.



When looking at the emerging markets we can see consistent yearly growth. This growth was able to make up for the lost sales in the European market keeping the world total mower sales at around 11,000 units per year. The Pacific market has shown the explosive sales growth in the double digits but experienced a large drop-off in 2014. South America continues to perform strongly with consistent yearly sales growth of 7%.

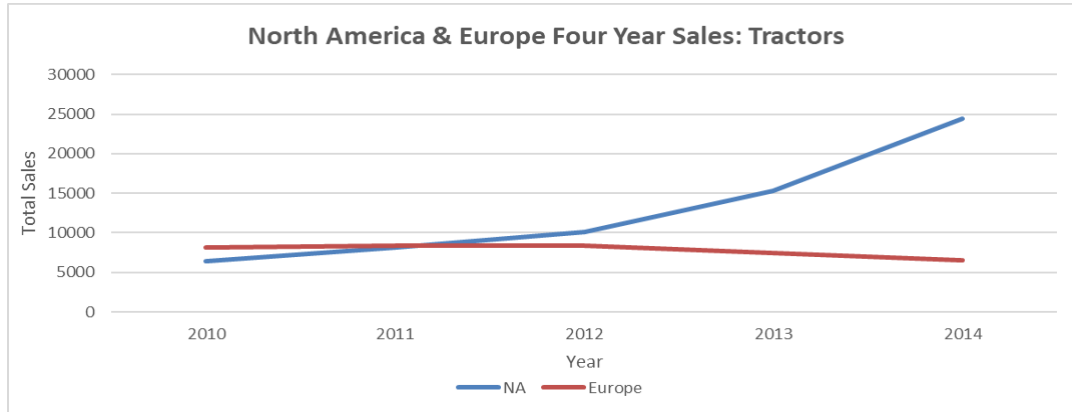


Year over Year Growth %: Mowers

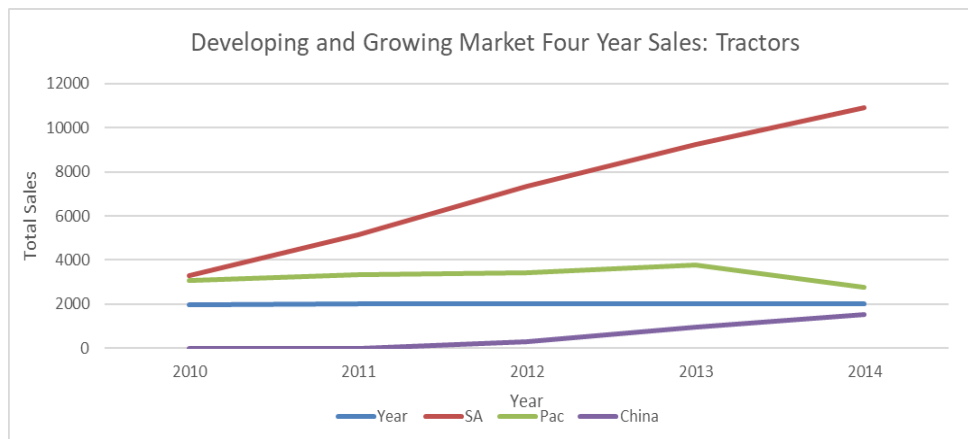
	Na	SA	Europe	Pac	World
2010					
2011	-2.50%	7.17%	-1.54%	17.45%	-1.84%
2012	2.39%	7.96%	-12.11%	16.00%	0.72%
2013	1.38%	6.49%	-4.67%	22.17%	1.18%
2014	0.27%	7.20%	-9.79%	4.84%	-0.47%

Tractor Sales: A Market Explosion

Like the mower markets, North America and Europe are the largest markets for tractor sales. Europe again continues to struggle in sales, with a very slow start to eventually declining sales in the double digits percentages. North America, on the other hand, saw a tremendous boom in sales with year over year growth ranging from 25%-60%. Just like the mowers North America has the largest total sales of any market.



South America continues to show as a promising emerging market with consistent year over year growth ranging from 18%-57%. It has overtaken Europe in total sales during the 2014 year making it the second largest market for tractor sales. China shows to be an area of interest for tractor sales with yearly growth over 60%. While they are experiencing large growth, their total sales are significantly smaller than that of South America, North America, and Europe. Though this growth shouldn't be ignored, as it is taking a path like South America. The Pacific Market grew for three consecutive years at a yearly rate of about 10% until a massive drop off in 2014. Compare to all the other markets their growth was the weakest, and it was the only market to experience a yearly sales decline of over 20%.

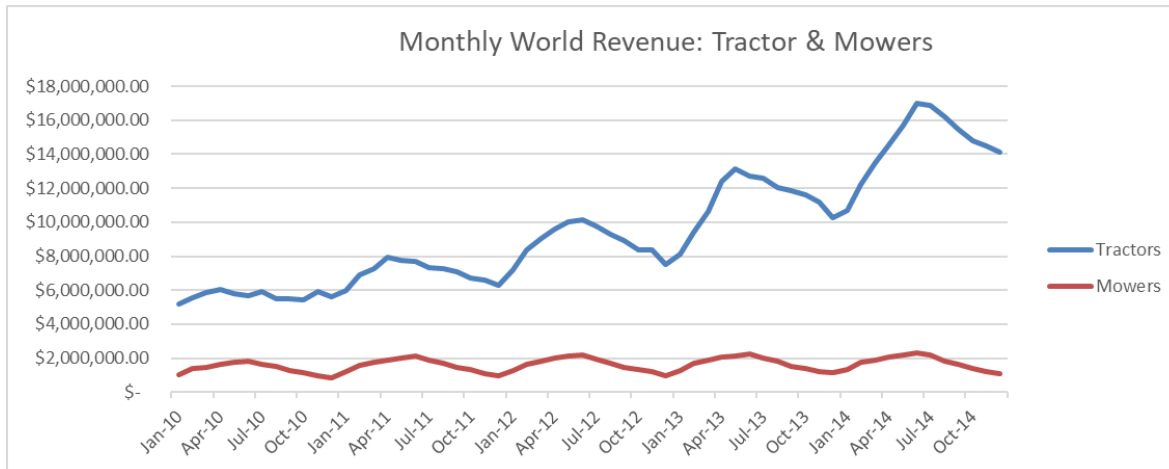


Year over Year Growth %: Tractors

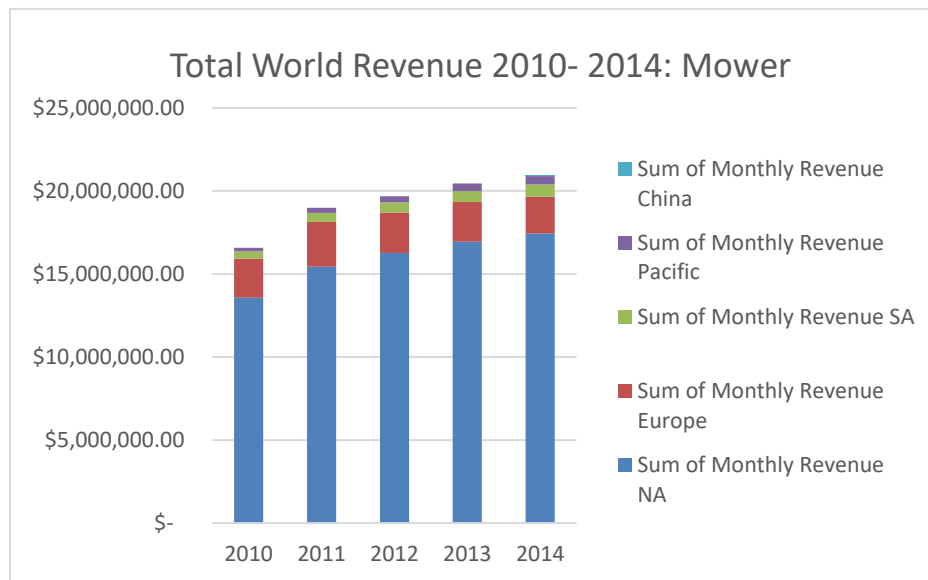
	Na	SA	Europe	Pac	China	World
2010						
2011	25.52%	57.03%	3.24%	9.10%	0.00%	19.42%
2012	24.97%	42.33%	0.17%	3.34%	0.00%	18.51%
2013	51.67%	25.63%	-11.80%	10.34%	231.27%	24.17%
2014	59.14%	18.20%	-11.46%	-27.59%	60.17%	25.72%

Mower & Tractor Revenue: In-depth Analysis

The revenue stream for both mowers and tractors experience a cyclical cycle. Revenue peaks between June and July and plateaus between December and January. Tractors are the biggest money maker for the company, making revenue almost six times that of mowers.

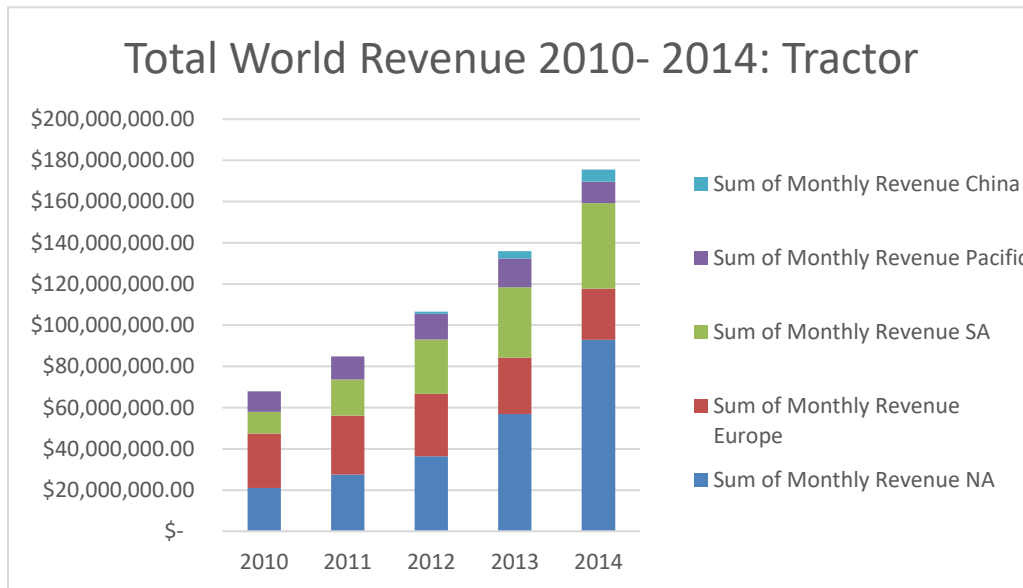


Mower revenue continues to grow slowly year over year. This is mostly due to an increase in mower price and now mower sales. Europe's yearly sales total has been either flat or negative, while every other market continues to show growth. While the emerging markets such as South America, China, and the Pacific show large yearly percentage growth, any revenue gains have been marginal at best when it has come to total revenue.



Year	Mower Price (\$)	Tractor Price (\$)
2010	\$ 150.00	\$ 3,250.00
2011	\$ 175.00	\$ 3,400.00
2012	\$ 180.00	\$ 3,600.00
2013	\$ 185.00	\$ 3,700.00
2014	\$ 190.00	\$ 3,800.00

Tractor revenue has benefited from not only from increased prices but also increased sales. It continues to break revenue record year after year with no slowdown in sight. North America brings the largest amount of yearly revenue with \$90 million brought in 2014 alone. South America in 2014 brought in about \$40 million in revenue, double the revenue that Europe brought in that respected year. China growth has also been substantial since its introduction in 2012..



Year Over Year Growth %: Mowers

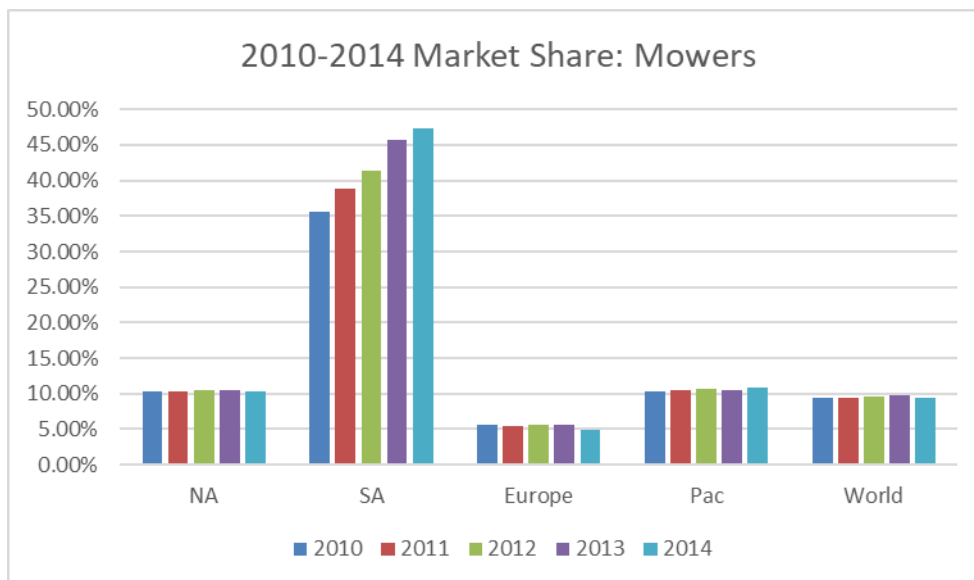
	NA	Europe	SA	Pacific
2010				
2011	13.75%	14.87%	25.03%	37.02%
2012	5.32%	-9.60%	11.05%	19.31%
2013	4.20%	-2.02%	9.45%	25.56%
2014	2.98%	-7.35%	10.10%	7.67%

Year Over Year Growth %: Tractors

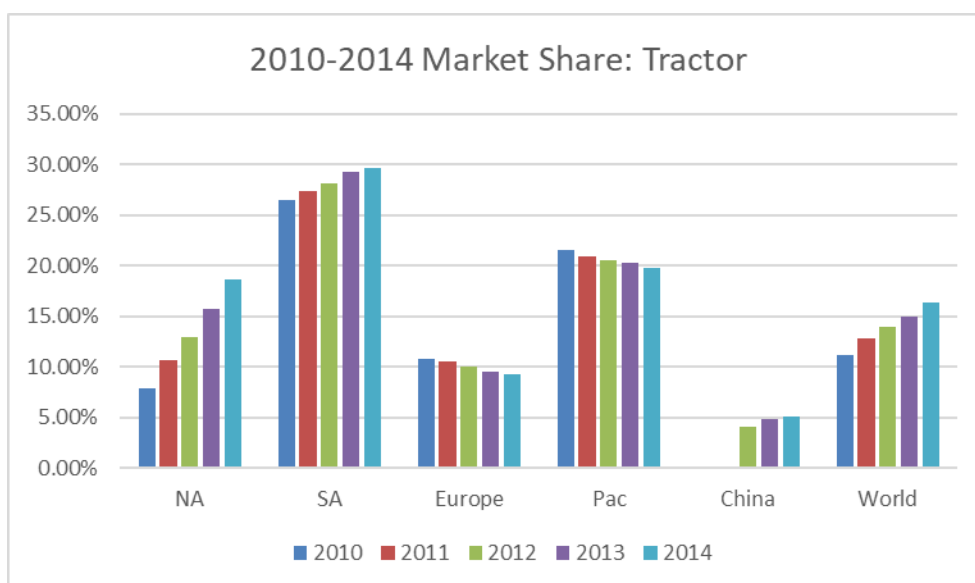
	NA	Europe	SA	Pacific	China
2010					
2011	31.32%	8.00%	64.28%	14.13%	0%
2012	32.32%	6.06%	50.70%	9.42%	0%
2013	55.89%	-9.35%	29.12%	13.41%	240.47%
2014	63.44%	-9.07%	21.39%	-25.63%	64.49%

Mower & Tractor Market Share:

Even with mower sales flatlining, world market share has stayed relatively flat around 9%. South America market share has increased significantly from 36% in 2010 to 47% in 2014. The European continues to underperform relative to its peers as it is the only market to have less market share in 2014 than it did in 2010. This could be in due decreasing demand in the European market for mowers.



North America shows to be the most promising market for selling a tractor with a 2014 market share that is more than double then it was in 2010. South America has also shown steady market share growth with a market share almost double of North America. Europe and the Pacific have had a yearly decline in its market share but the company presence is defiantly much stronger in the Pacific with 20% market share in that region in 2014. Even with these two regions decline, the world total market share continues to grow, up almost 5% since 2010.



End User Satisfaction:

The data below is an aggregate of all the scores that customers rated on their product. The time-frame of this data is from 2010-2014. From this data, we can see that most customers are most often than not, satisfied with their product. The only area of concern is China where there a bit more dissatisfaction with their product. This chart shows that Performance Lawn equipment has consistently made a high-quality product for the past five years

Row Labels	Sum of 0	Sum of 1	Sum of 2	Sum of 3	Sum of 4	Sum of 5
China	1	6	6	13	89	35
Europe	4	7	18	104	193	174
North America	3	11	22	80	170	214
Pacific Rim	4	10	24	82	204	176
South America	2	11	27	93	183	184
Grand Total	14	45	97	372	839	783