DUCKER

RESEARCH & CONSULTING

*February 2021*

# Grain & Protein

Building Customer Centric Strategy
Customer Segmentation & Journey Mapping

*Executive Summary*

AGCO
Your Agriculture Company
GRAIN & PROTEIN

# AGENDA



CONFIDENTIAL -DUCKER HOLDINGS LLC

DUCKER

# Introduction & Methodology

Multi-phased Approach

# AGCO Grain and Protein management wants to focus growth initiatives with a customer centric approach and optimize the business vis-à-vis market opportunities.

DUCKER

- AGCO management has engaged Ducker to support AGCO Grain and Protein in developing a more customer centric approach, starting with segmentation research and followed by a customer journey assessment

## 1. Customer Segmentation

Foundational research to define market segments based on customer behaviors and attitudes resulting in deep and multi-dimensional understanding of customer segments. Behavioral segmentation considers customers':

- Approach to managing their businesses
- Approach to serving their consumers
- Decision processes and factors influencing such decisions
- Loyalty to certain brands
- Customer conversion based on sales and marketing initiatives
- Cost to serve customers and other financial drivers
- Other business practices which influence customers' purchase decisions

## 2. Journey Mapping by Segment

Understanding the customer journey and experience within each segment is critical to driving improved market performance and enhanced competitive advantage. Benefits include:

- Determining touch points and MOTs at each step of the journey
- Understanding 'Ease of doing business' with AGCO by segment
- Enhanced customer relationships reducing fall-off through the journey
- Improved customer loyalty and commitment
- Increased share of wallet with customers in target segments
- New customer relationships in target segments
- Reduced costs to serve

## 3. Inform Strategic Marketing, Customer-Centric Strategies

Understanding the customer journey within each market/customer segment yields insights which drive fact-based planning and accelerated results through:

Targeted marketing strategies aligned with segment needs, behaviors and business outcomes

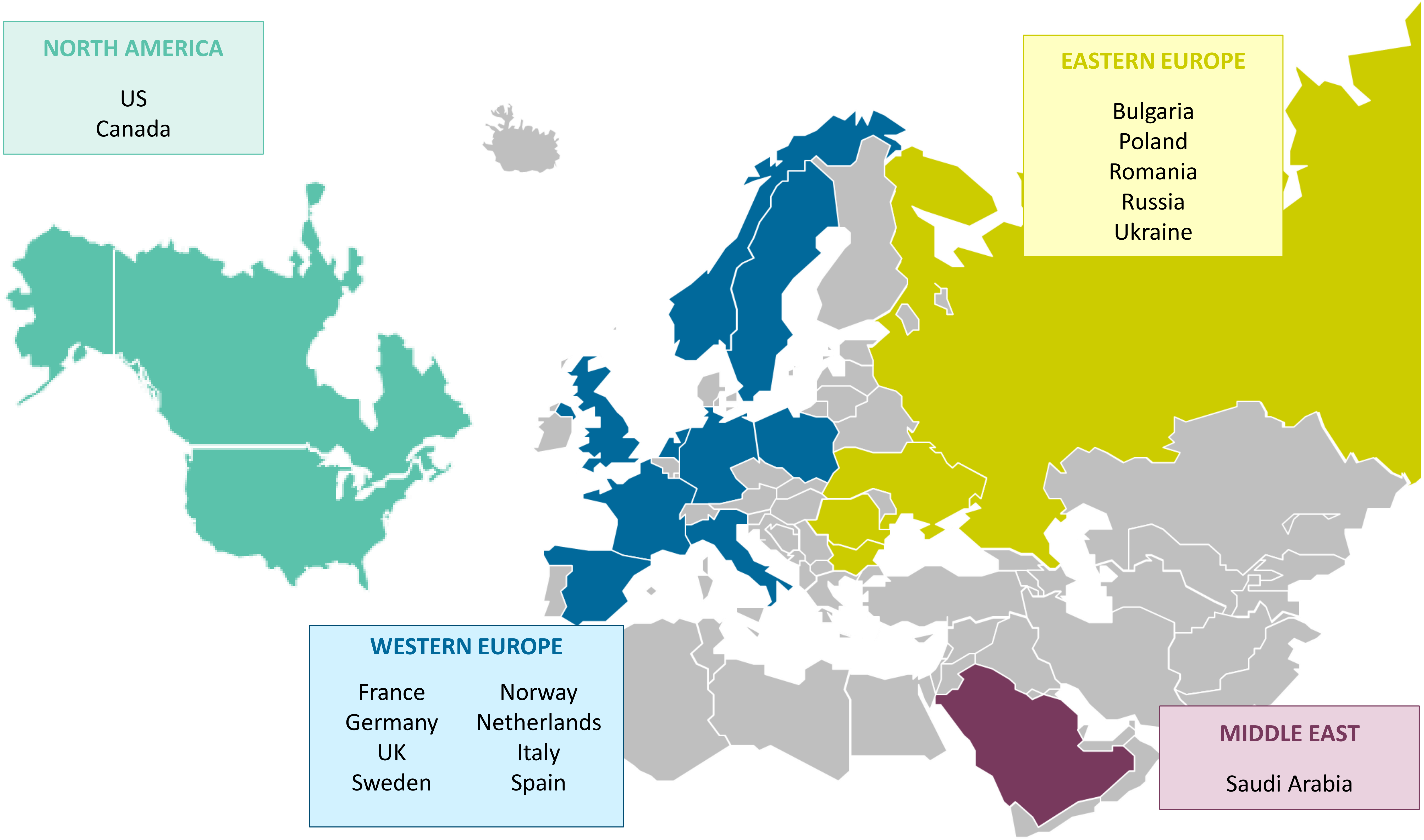
Sales and marketing strategies aimed to enhance customer experience through the full journey with AGCO

Commercialization of technology-enhanced solutions which fulfill market need, resonate with end customers and differentiate AGCO from competition

CONFIDENTIAL -DUCKER HOLDINGS LLC

Segmentation Sample

# NA and EME map



# ≈1000 interviews have been conducted during the quantitative phase in line with quotas

DUCKER

- Quotas per sector and respondent types had been defined as follows

## North America

| Grains = 220 | Quotas |
|---|---|
| Independent growers | 190 |
| Co-ops | 30 |

| Swine = 135 | Quotas |
|---|---|
| Independent growers | 55 |
| Grower for an integrator | 65 |
| Integrators | 15 |

| Poultry = 95 | Quotas |
|---|---|
| Independent growers | 10 |
| Grower for an integrator | 70 |
| Integrators | 15 |

| Eggs = 50 | Quotas |
|---|---|
| Independent growers | 40 |
| Grower for an integrator | 10 |
| Integrators | 0 |

## Europe Middle East

| Grains = 330 | Quotas |
|---|---|
| Independent growers | 150 |
| Co-ops / agro-holdings / millers | 150 |
| Others: grain trading / storage / transportation companies. FMCG companies | 30 |

| Seeds = 40 | Quotas |
|---|---|
| Seed processing and manufacturing companies | 40 |

| Eggs = 130 | Quotas |
|---|---|
| Independent growers | 80 |
| Grower for an integrator | 45 |
| Integrators | 5 |

*Additional quotas by regions have been defined*

NFIDENTIAL -DUCKER HOLDINGS LLC

# The segmentation analysis is based on the assessment of importance criteria and behavioral statements

DUCKER

- The segmentation is defined based on two questions from the quantitative guidelines (Q17 and Q18)

| Q17: Criteria in decision making process* | Q18: Behavioural statements* |
| --- | --- |
| When it comes to making a decision on the purchase of [based on Segment Selected: Grain conditioning, drying and storage / Seed processing / Egg production/ Poultry production / Swine production] equipment, I would like to understand **how important each of the following criteria is in your company's decision**? I will read a list of criteria.<br><br>Using a scale of 1 to 10, please rate the importance of each criterion, where 10 is "extremely important", and 1 is "not important at all" in your decision making. | I am going to read you **a list of statements, that describe how your company may or may not operate** regarding your [based on Segment Selected: Grain conditioning, drying and storage / Seed processing / Egg production/ Poultry production / Swine production] activity.  On a scale from 1 to 10,  where 1 means that you 'fully disagree', 5 means that you 'neither agree nor disagree' and 10 means that you 'fully agree', please rate your level of agreement with the statement: |

** Reference file is the quantitative interview guidelines, developed by Ducker and validated by AGCO G&P teams*

- The groups are characterized by **the items with the largest difference with the average**, ie. The behaviors that stand out the most significantly to characterize each segment

- Results:
  - **4 segments identified**, each in comparable proportions in our sample (around 25% presence each)
  - One of the first key learnings is that **groups are quite determined by the geography (NA vs EME)**
  - Our segmentation has a ratio "inter group variance over total variance" of 0.67, which is very robust from a statistical point of view (>0.6)

DUCKER

# Executive Summary

# The segmentation analysis yielded four distinct segments

DUCKER

## Absentee Operators

The 'Absentee Operators' feel **the least concerned segment** with equipment within AGCO G&P scope: although they buy and use some, equipment is almost **perceived as a commodity**, and is sometimes part of a larger production or transportation activity, in companies with several locations. It also happens to be the segment where decision about equipment to purchase is the least centralized and/or driven by pre-defined specifications only, **thus limiting interest and any kind of massive involvement**. It must be a **"no brainer".** They rely on what works for them and do not look for innovation, or a high level of sophistication

## Sophisticates

The 'Sophisticates' have a **premium approach** of their equipment and the services around them. They have a **strong technology and innovation orientation**, usually are **early adopters** of new technologies, while looking for the **highest quality of equipment**. They have a **stronger brand orientation** and value brands who are able to **tailored solutions** based on their needs, as well as **optimizing their TCO**

## Satisfied Traditionalists

The 'Satisfied Traditionalist' are mainly concerned with **equipment and sustaining their business**. Performance of their equipment is essential to their business; although they have overall **lower supplier loyalty,** their equipment needs to be reliable and dependable. They have only a moderate concern toward operational costs and moderate pain points compared to other segments, indicating a **satisfied, stable approach to their business**, with a **low technology orientation**

## Efficiency Masters

The 'Efficiency Masters' focus on **operational efficiency**, are not so price sensitive (more **focus on TCO and ROI**) and are **moderately interested in technology but are not early adopters**. Their **operations management is rather centralized** with internal maintenance processes, one main decision maker and limited number of locations

CONFIDENTIAL -DUCKER HOLDINGS LLC

Segment Description

# The four segments are represented based on the most characteristic variables defining each of them

DUCKER

**Delegated operations management**

**3. 'Absentee Operators'**
**NA**: 32% / **EME:** 68%

21%

**Criteria** **(avg seg vs avg sample)**
Ease of operation: 5,1 vs 7,6
Ease of maintenance: 5,3 vs 7,7
Equipment durability: 5,6 vs 8,0
Equipment reliability: 5,7 vs 8,1

**Behaviors** **(avg seg vs avg sample)**
Production output as KPI: 5,0 vs 7,4
Output quality as KPI: 5,2 vs 7,6
Priority on durability : 5,5 vs 7,7
Supplier offering tailored solutions: 5,0 vs 7,1

**4. 'Sophisticates'**
**NA**: 28% / **EME:** 72%

**Criteria** **(avg seg vs avg sample)**
Financing options: 7,9 vs 5,5
Remote monitoring systems: 8,4 vs 6,4
Large product breadth: 8,4 vs 6,7
Technology offering: 8,7 vs 6,9

26%

**Behaviors** **(avg seg vs avg sample)**
First to try new techno: 7,8 vs 5,4
Strict selection (tender): 8,2 vs 5,9
Monitoring operations via controls and sensors: 8,6 vs 6,5

**Search for standard, simple solutions**

**Strong technology and innovation orientation**

**1. 'Satisfied Traditionalists'**
**NA**: 56% / **EME:** 44%

**Criteria** **(avg seg vs avg sample)**
Financing option: 4,4 vs 5,5
Remote monitoring systems: 5,3 vs 6,4

27%

**Behaviors** **(avg seg vs avg sample)**
External maintenance: 3,9 vs 5,1
Strict selection process: 4,7 vs 5,8
Priority on shortest ROI: 5,9 vs 6,8
Production output as KPI: 6,4 vs 7,4

**2. 'Efficiency Masters'**
**NA:** 81% / **EME:** 19%

26%

**Criteria** **(avg seg vs avg sample)**
Parts availability: 9,1 vs 7,9
Equipment reliability: 9,2 vs 8,1
Maximizing eqpt uptime: 8,7 vs 7,6
Supplier's responsiveness: 8,7 vs 7,7

**Behaviors** **(avg seg vs avg sample)**
Priority on efficiency/productivity: 8,6 vs 7,7
Priority on durability: 8,6 vs 7,7
Production output as KPI: 8,2 vs 7,4
Output quality as KPI: 8,5 vs 7,6

**Direct operations management**

CONFIDENTIAL -DUCKER HOLDINGS LLC

# Comparison of main segments behaviors

DUCKER

| | Satisfied Traditionalists | Efficiency Masters | Absentee Operators | Sophisticates |
|---|---|---|---|---|
| **Supplier selection process** | **Flexible** | **Flexible** | **Flexible** | **Strict**, mainly via tenders |
| **Equipment selection** | Priority on **equipment durability and reliability**, although at a **lower level than average**<br>**Low concern with ROI**, lower attention to cost of operations | Priority on **equipment durability, efficiency, productivity and ease of use**<br>Less emphasis on lowest purchase price, which is like other segments | Priority on **equipment efficiency and productivity**, although at a **moderate level** than average<br>**Less concerned with ease of use** when choosing equipment | Main focuses are **durability, efficiency, productivity, and ease of use** when choosing equipment. Getting the **shortest ROI** also matters a lot |
| **Supplier selection** | **Lower expectations towards supplier offering or service** capacity than average market players | They value the **supplier proximity and capacity of servicing them quickly to avoid downtime**, appreciating both tailored and turnkey solutions | **Limited attention to supplier selection**<br>Comparable level of moderate interest for both tailored and turnkey solutions | **Highly value supplier proximity and capacity of servicing** them quickly; appreciating both tailored and turnkey solutions |
| **Service and maintenance actions** | Heavily oriented towards **internal maintenance practice** | Performing **more maintenance and repairs internally** | **Mix of internal and external maintenance** practice<br>Slightly more internal | **Mix of internal and external** maintenance, but a h**igher share is having external maintenance** compared to other segments |
| **Technology orientation** | **Low** | **Users** (sensors, etc..) but **not early adopters** | **Low** | **Early adopters, high use** |
| **Performance measurements** | **Moderate level of KPI tracking** (lower than average). Main focus is on **output quality** | **Output quality, production output and net company income equally used** as the primary measures of success | **Lowest level of KPI tracking**<br>Primarily measured by **net income** (the only segment not focused on output) | **Result/Quality oriented:** every KPI (net income, production and quality output) is important and calculated, to **rationalize the production performance** |

Most important concerns

# ¾ of segments are mainly concerned with financial results and their capacity to increase margins while Absentee Operators put lower focus on that aspect

DUCKER

**Main concerns for business**

| | |
|---|---|
| Increasing margins | **52%** |
| Limiting operating costs | **49%** |
| Ensuring great quality of service and repairs | **47%** |

| | |
|---|---|
| Increasing margins | **80%** |
| Ensuring great quality of service and repairs | **80%** |
| Limiting operating costs | **73%** |

| | |
|---|---|
| Improving output preservation | **48%** |
| Limiting energy consumption | **45%** |
| Increasing margins | **36%** |

| | |
|---|---|
| Increasing margins | **95%** |
| Limiting operating costs | **95%** |
| Ensuring great quality of service and repairs | **93%** |

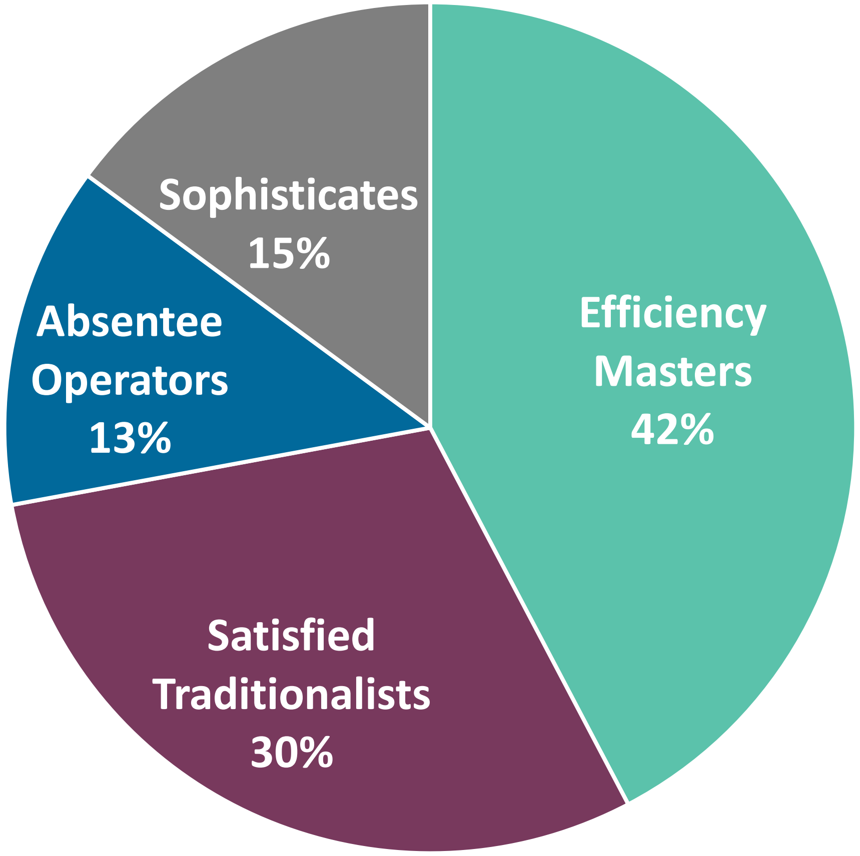
CONFIDENTIAL -DUCKER HOLDINGS LLC

Regional - Segment Presence

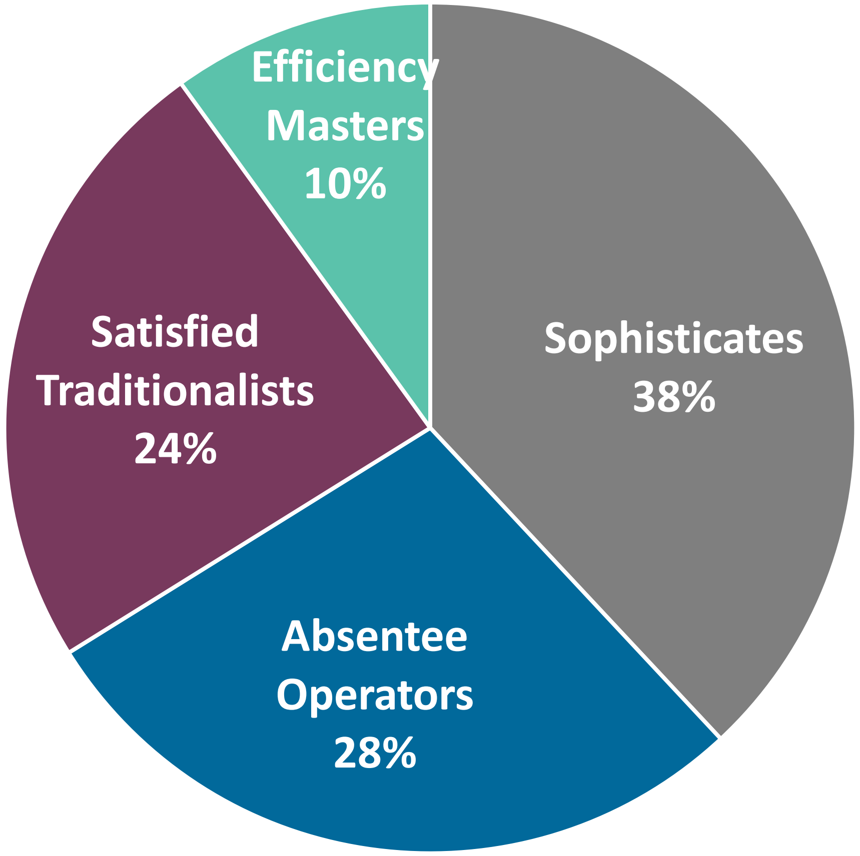
## There is greater presence of efficiency Masters in the NA sample, versus greater presence of Sophisticates and Absentee Operators in the EME sample

DUCKER

**Segment Presence - North America**
*% of Respondents, n=504*




**Segment Presence - EME**
*% of Respondents, n=502*



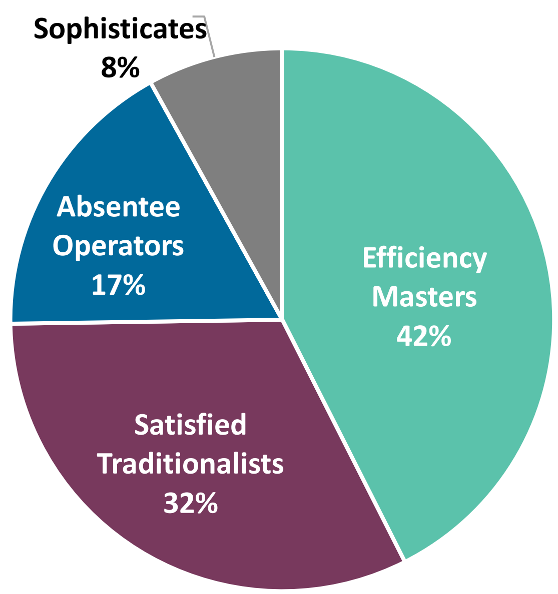

*Please consider that segments presence in regional samples is driven by quotas and differs from market shares*

# NA - Segment Presence

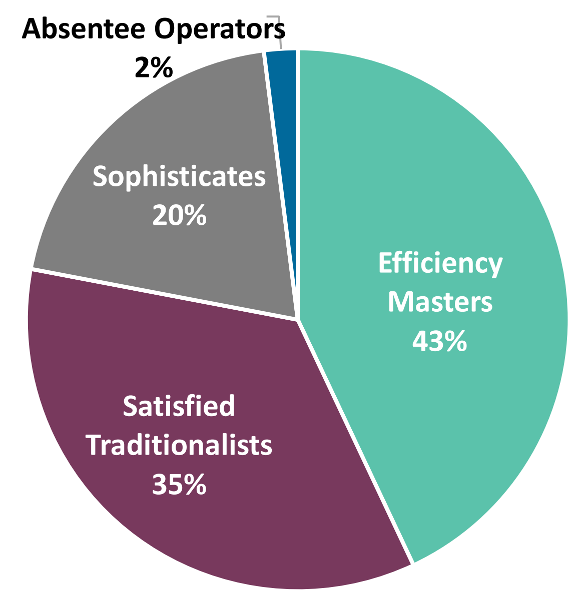
# In NA, there is greater presence of Efficiency Masters across all end sectors. Poultry has greater Sophisticates presence

DUCKER

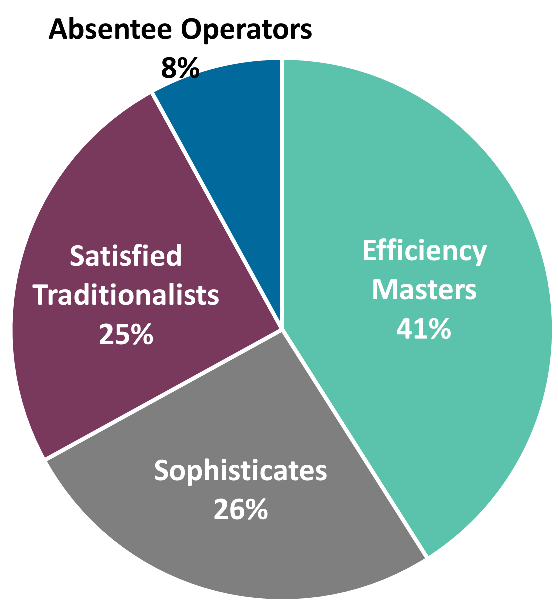
**Segment Presence - NA Grains**
*% of Respondents, n=225*



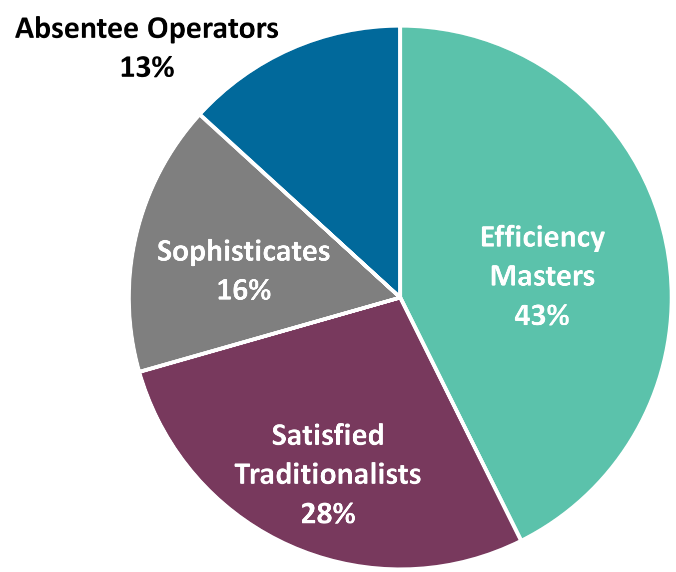

**Segment Presence - NA Egg**
*% of Respondents, n=46*




**Segment Presence - NA Poultry**
*% of Respondents, n=97*




**Segment Presence - NA Swine**
*% of Respondents, n=136*



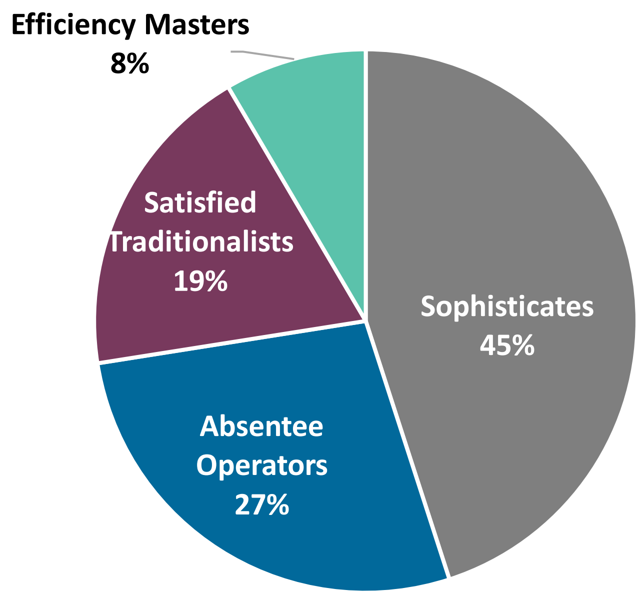

*Please consider that segments presence in regional samples is driven by quotas and differs from market shares*

# EME - Segment Presence

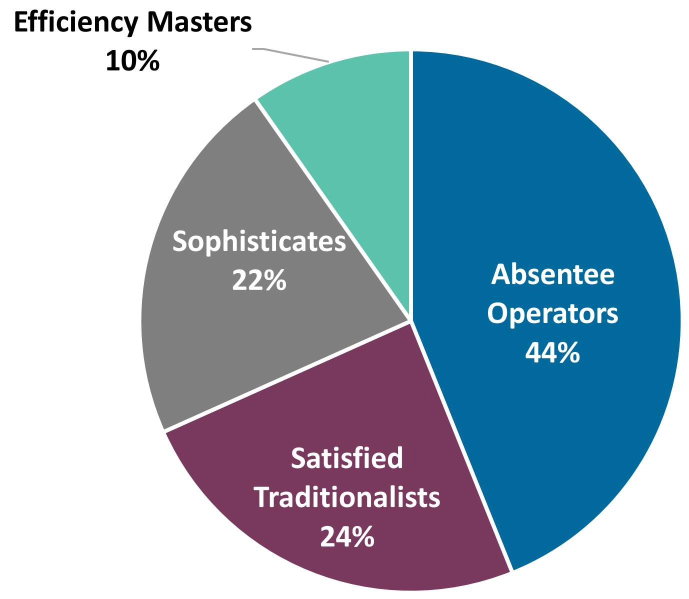
## In EME, Sophisticates are most present in grains, whereas Absentee Operators are most present in Seed. Egg has a balance of segments

DUCKER

**Segment Presence - EME Grains**
*% of Respondents, n=331*

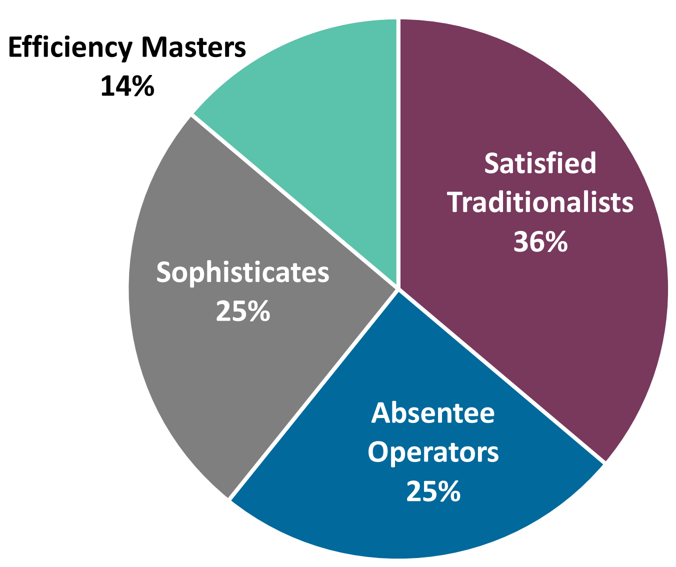



**Segment Presence - EME Seed**
*% of Respondents, n=41*




Segment variation by size of operation; larger operations are more likely to be Sophisticates

**Segment Presence - EME Egg**
*% of Respondents, n=130*

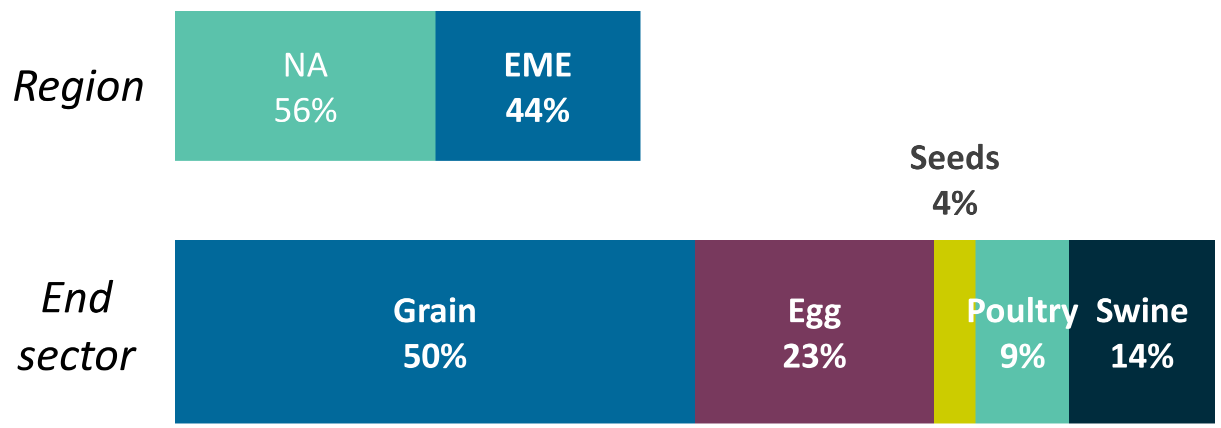



*Please consider that segments presence in regional samples is driven by quotas and differs from market shares*

DUCKER

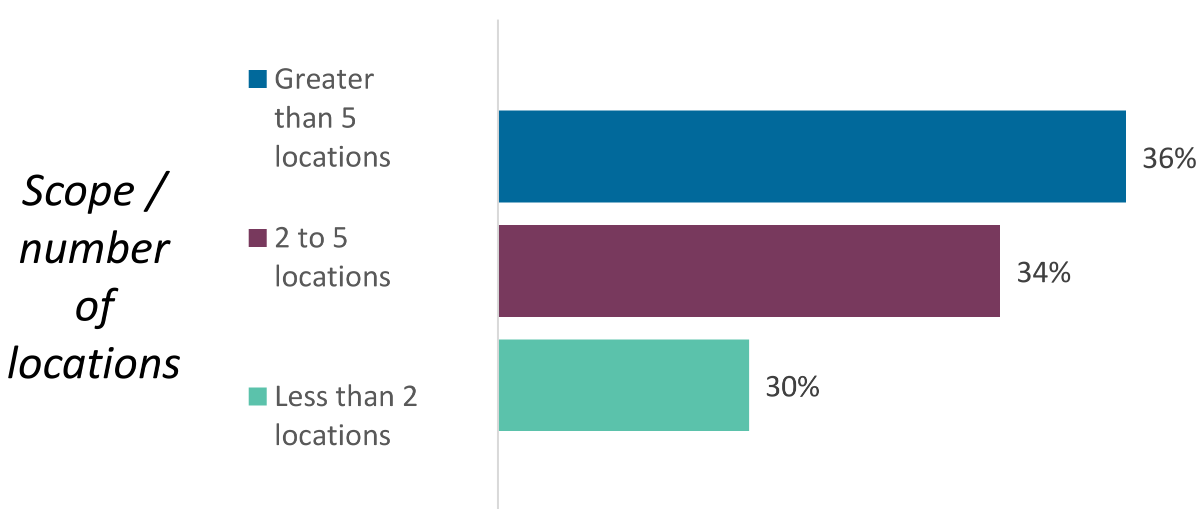
# Segment 1: Satisfied Traditionalists

## Geographies and end sector presence




*Activities*

- NA: Mainly **direct growers** (independent or contracting for an integrator)
- EME: **All end sectors and activities**. Strong millers presence




## Typical decision making process

**NA**

**60%**

The **owner is the main decision maker** in the selection and purchase of equipment

**EME**

**48%**

**Multiple executives** involved
Final decision is a **joint decision**

## Company capacities

NA: **all storage capacities**
EME: 49% has **less than 5K tons storage**

**Relative balance**
37% have large capacity (>72,000 hens)

80% have **medium to low seed prod** capacities (ie. <47t per day)

44% have **small capacity** (ie. <80 000 broilers)

**All capacities** encountered

CONFIDENTIAL - DUCKER HOLDINGS LLC

# Satisfied Traditionalists

## Segment overview – 5/ 5

DUCKER

### Average ROI levels and satisfaction

Almost 10 years
60% satisfied
Objective: 9 years

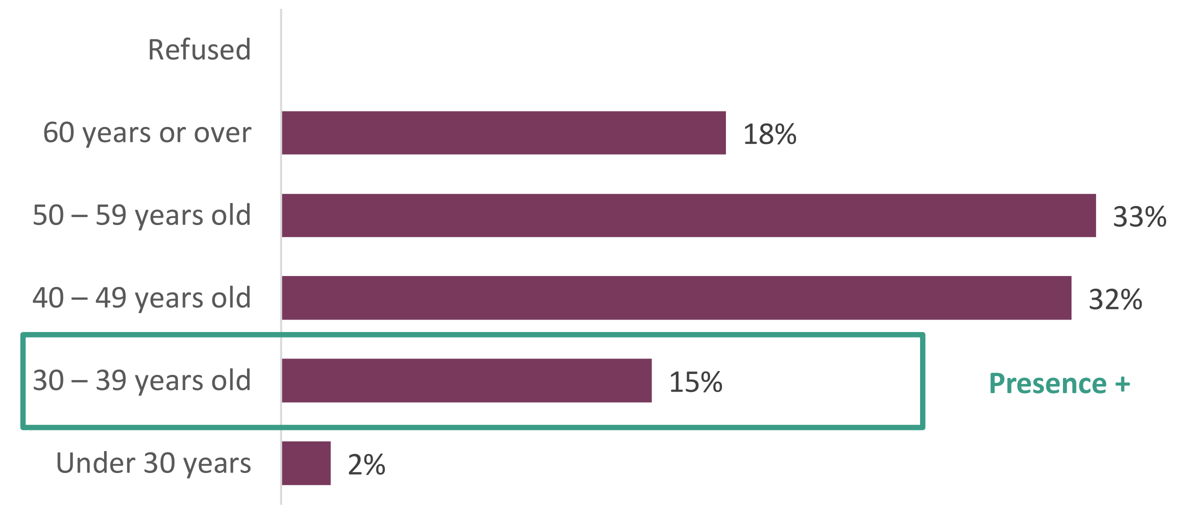
8 years 1/2
56% satisfied
Objective: n/a

6 years
80% satisfied
Objective: n/a

8 years 1/2
75% satisfied
Objective: n/a

9 years
69% satisfied
Objective: n/a

### Age




### Outlooks for the future

**29%**
Our company plans to sustain the size and output over the next 3-5 years

**65%**
Growth plans (organic, inorganic or vertical integration)

### Revenue range

| <1 million | 1 – 10 million | >10 million |
|---|---|---|
| **60%** | **22%** | **4%** |

Missing % are refusals to share

### Company type

**63%** Family owned and operated business

DUCKER

# Segment 2: Efficiency Masters

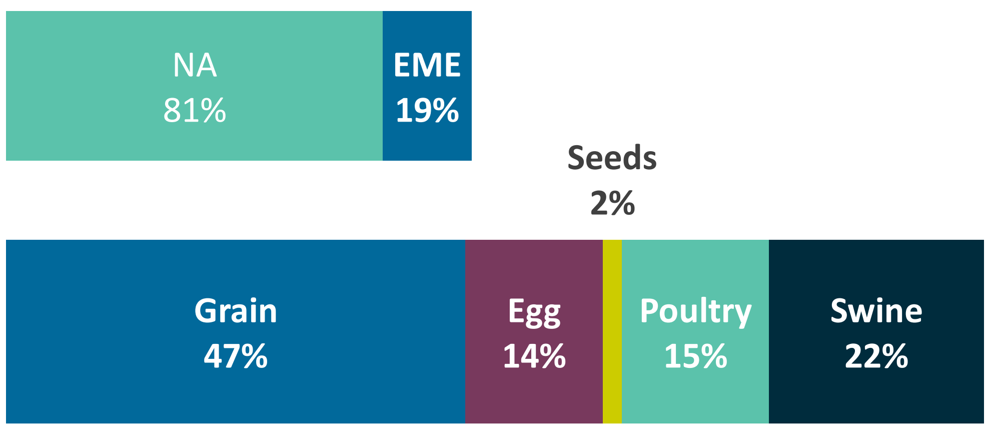
# Segment overview – 2/ 5

DUCKER

## Geographies and end sector presence

*Region*

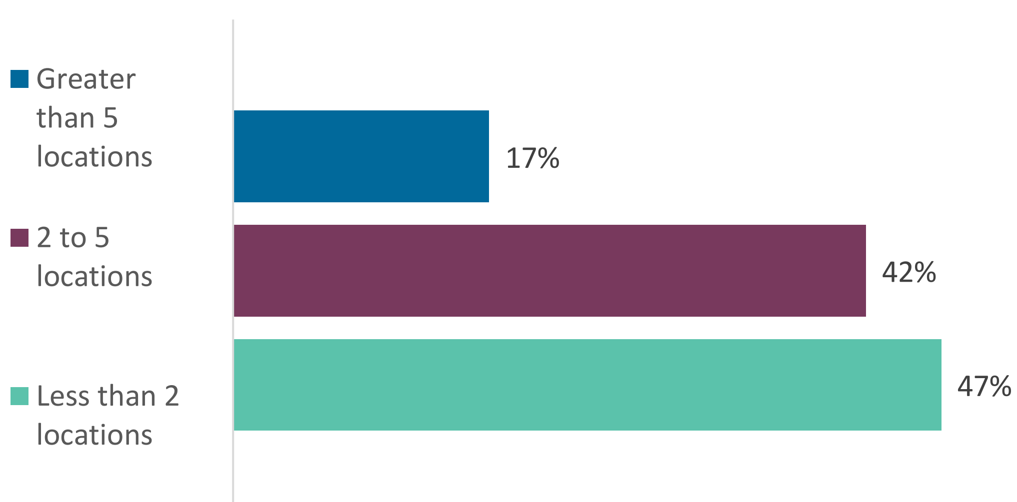
*End sector*




*Activities*

- NA: Mainly **direct growers** (independent or contracting for an integrator)
- EME: **All end sectors and activities**. Strong independent growers presence

*Scope / number of locations*




## Typical decision making process

**NA**

**60%**

The **owner is the only one involved** in the selection and purchase of equipment

**EME**

**72%**

**Multiple executives** involved final decision is either a joint decision or up to the owner/manager

## Company capacities

NA: **all storage capacities;** EME: **all storage capacities**

**Relative balance**
42% have small capacity (4-27,999 hens)

*Insufficient sample for analysis*
*Mainly large production capacity*

**Large Broiler Capacity**
47% (ie. >177,600 broilers) and **Large to Medium Breeder/Hatchery Capacity**
72% (ie. > 43,999 breeders/hatchery)

**All capacities** encountered

# Segment overview – 5/ 5

DUCKER

## Average ROI levels and satisfaction

9 years
81% satisfied
Objective: n/a

10 years
55% satisfied
Objective: 5 years

*Insufficient sample for analysis*

9 years
78% satisfied
Objective: 7 years

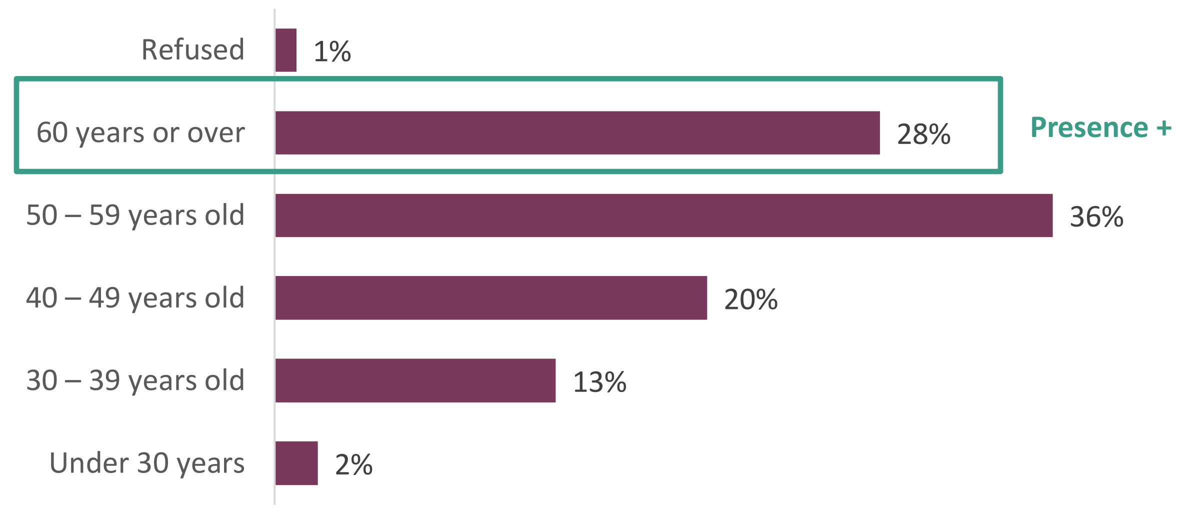
8 years
76% satisfied
Objective: n/a

## Outlooks for the future

**45%**
Our company plans to sustain the size and output over the next 3-5 years

**48%**
Growth plans (organic, inorganic or vertical integration)

## Age




## Revenue range

| <1 million | 1 – 10 million | >10 million |
|---|---|---|
| **63%** | **22%** | **3%** |

Missing % are refusals to share

## Company type

**78%** Family owned and operated business

# Segment 3: Absentee Operators

CONFIDENTIAL - DUCKER HOLDINGS LLC

Absentee Operators

# Segment overview – 2/ 5

DUCKER

## Geographies and end sector presence

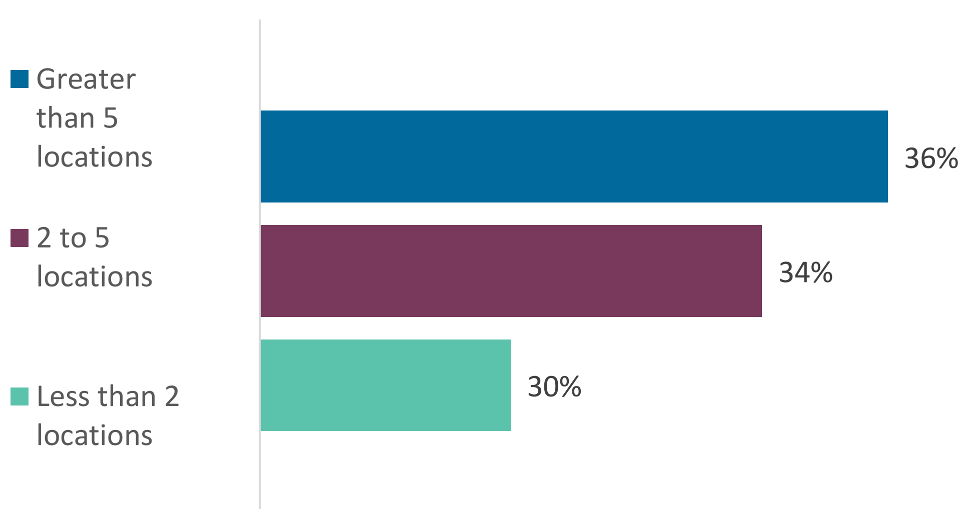
*Region*

*End sector*


*Activities*

- NA: Strong **Independent Grower** presence in all sectors excluding poultry
- EME: **Grain Sector** has largest proportion of traders and FMCG companies

*Scope / number of locations*




## Typical decision making process

**NA**

**60%**

The **owner is the only one involved** in the selection and purchase of equipment

**EME**

**50%**

**Multiple executives** involved
Final decision is a **joint decision**

## Company capacities

NA: **all storage capacities**
EME: 53% has **less than 5K tons storage**

**Higher large & medium capacities**
42% have large capacity (>72,000 hens)

89% have **medium to low seed prod** capacities (ie. <47t per day)

86% have **large** and **medium capacities** (ie. 80,000 – 177,600+)

**Majority large capacities** (except for farrowing- 63% small capacity)

# Segment overview – 5/ 5



## Average ROI levels and satisfaction

Almost 10 years
51% satisfied
Objective: 9 years

Almost 9 years
47% satisfied
Objective: n/a

Almost 7 years
72% satisfied
Objective: n/a

13 years 1/2
75% satisfied
Objective: n/a

8 years
83% satisfied
Objective: n/a

## Outlooks for the future

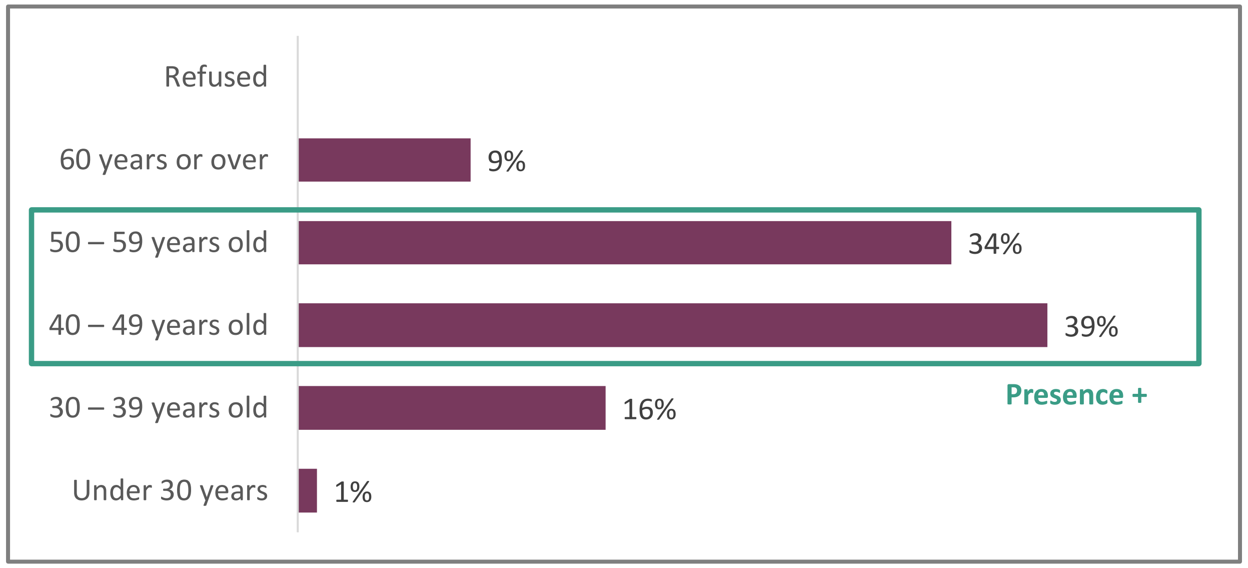
**35%**

Our company plans to sustain the size and output over the next 3-5 years

**61%**

Growth plans (organic, inorganic or vertical integration)

## Age




## Revenue range

| <1 million | 1 – 10 million | >10 million |
|---|---|---|
| **59%** | **24%** | **2%** |

Missing % are refusals to share

## Company type

**46%** Privately owned company, yet part of a larger group

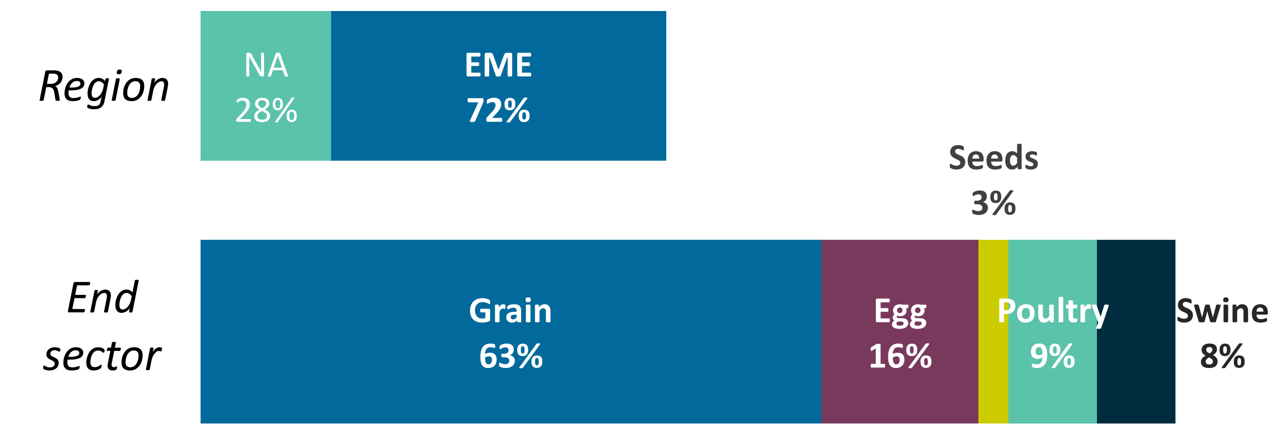
CONFIDENTIAL -DUCKER HOLDINGS LLC


DUCKER
Segment 4: Sophisticates
CONFIDENTIAL -DUCKER HOLDINGS LLC

# Segment overview – 2/ 5

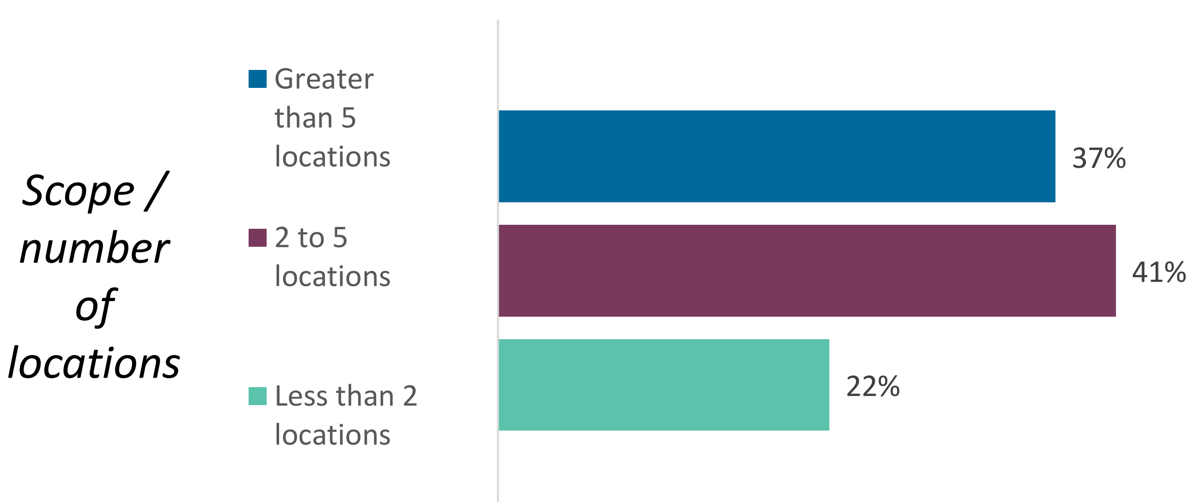
DUCKER

## Geographies and end sector presence




*Activities*

- NA: Mainly **direct growers** (independent or contracting for an integrator)
- EME: Mainly **independent growers.** Strong co-op presence




## Typical decision making process

**NA**

**52%**

The **owner is the only one involved** in the selection and purchase of equipment

**EME**

**59%**

**Multiple executives** involved

Final decision is a **joint decision**

## Company capacities

NA: 52% **< 137K bushels storage**
EME: 69% **> 40K tons storage**

45% have **medium capacity** (28,000 to 71,999 laying hens)

*Insufficient sample for analysis*
*Mainly large production capacity*

52% have **medium capacity** (ie. 80 000 – 177,599 broilers)

69% Farrowing/Breeding **small capacities** (< 1,249 hogs)
87% Nursery/Growing/Finishing **medium to large capacity** (> 1,249 hogs)

CONFIDENTIAL -DUCKER HOLDINGS LLC

# Segment overview – 5/ 5

DUCKER

## Average ROI levels and satisfaction

Almost 11 years
95% satisfied
Objective: n/a

8 years
86% satisfied
Objective: n/a

Almost 5 years
100% satisfied
Objective: n/a

8 years 1/2
84% satisfied
Objective: n/a

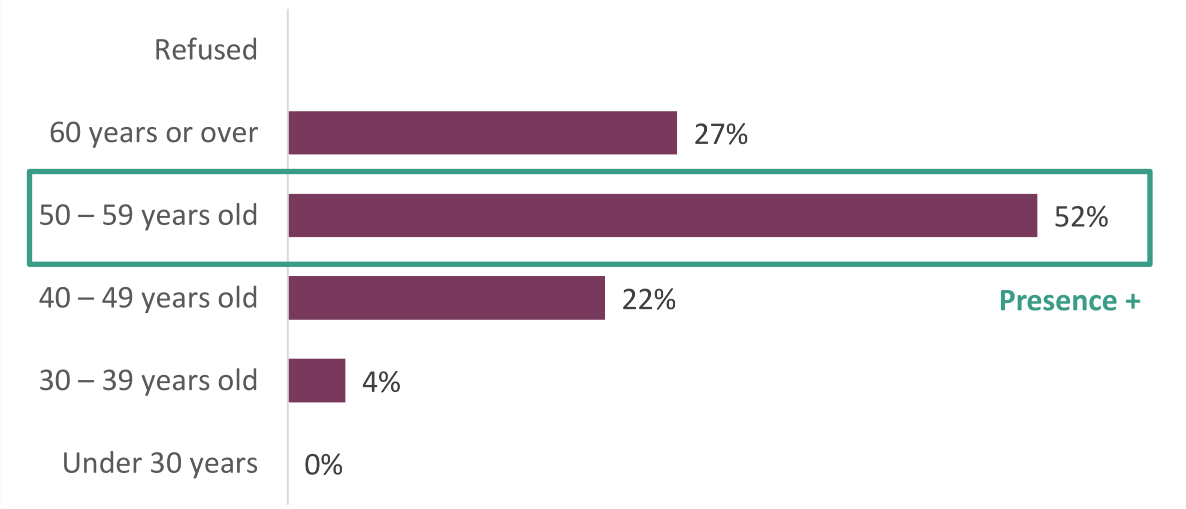
9 years 1/2
76% satisfied
Objective: n/a

## Outlooks for the future

**24%**
Our company plans to sustain the size and output over the next 3-5 years

**71%**
Growth plans (organic, inorganic or vertical integration)

## Age




## Revenue range

| <1 million | 1 – 10 million | >10 million |
|---|---|---|
| 56% | 20% | 4% |

Missing % are refusals to share

## Company type

**63%** Family owned and operated business

# Recommendations

# Recommendations

DUCKER

- **Equipment durability, efficiency, and reliability are key across all segments** and should be promoted
  - Marketing campaigns and materials should leverage this as it is table stakes for all segments

- Additionally, a catered customer approach can be adopted to each of the four segments though driven by regionality
  - A tailored regional go to market strategy is required considering decision making and supply channels differ by regions
    - NA customers typically have centralized decision making, favoring the dealer channel
    - EME customer typically make more of a joint decision, favoring the manufacturer direct channel

| | Satisfied Traditionalists | Efficiency Masters | Absentee Operators | Sophisticates |
|---|---|---|---|---|
| **Go to market strategy** | **Retain and acquire new customers** via close reliable relationships with dealers | **Build share of wallet with existing companies and expand into new accounts**, by focusing on close relationships with owners and promoting efficiencies | **Partnership approach to serving customer base** | **Premium customer strategy;** retain, build share of wallet with existing customers, and expand into new customers |
| **Marketing approach/ Value proposition** | **Standard solutions**, known for performance and reliability | **Proven technology** improvements tied to productivity | **Standard solutions; high ROI and net income benefits** | **High technology orientation; high financial and operation efficiency focus** |
| **Service Opportunity** | **Support in-house servicing** | **Service opportunity for more complex needs**; must be serviced quickly to avoid downtime | **Contract model for delegated service** | **High opportunity for value-add services** |

# Recommendations

DUCKER

| | | Satisfied Traditionalists |
|---|---|---|
| **Go to market strategy** | **Retain and acquire new customers** via close reliable relationships with dealers | • **Appreciate predictability and steady repeatable operations and supplier relationships - easier to serve and satisfy**<br>• **Leverage close relationship with customers to remain top of mind; emphasize continuity in equipment performance**<br>  • EME favors direct channel and multiple decision makers; map different stakeholders involved in decision making and target each according to their role<br>  • NA favors centralized decision making and dealer channel; target the owner solidifying and supporting the relationship with the owner<br>• Strengthen relationships with other farms and growers to acquire new customers<br>• **While easier to serve, customers are more difficult to retain**, displaying lower supplier loyalty - utilize marketing approach recommendations to capture and retain customers and maintain contact<br>  • Help customers view benefits of maintaining partnership with AGCO; strategies to maintain operations and increase margin opportunities (helping them achieve basic business principles) |
| **Marketing approach/ Value proposition** | **Standard solutions**, known for performance and reliability | • Focus on **peace of mind and dependability in equipment** offering and selection, easy to use, reliable and operational solutions rather than innovations/technology and radical changes<br>• Value parts availability and ease of maintenance, especially in relation to increasing margins and limiting operating costs |
| **Service Opportunity** | **Support in-house servicing** | • Most service is conducted in-house and low value placed in supplier service offerings<br>• In the spirit of partnership, how can AGCO help these Satisfied Traditionalists do service internally better? (i.e., technician training, ease of service, parts availability, troubleshooting support) |

CONFIDENTIAL -DUCKER HOLDINGS LLC

# Recommendations

DUCKER

| | | Satisfied Traditionalists |
|---|---|---|
| **Customer Targets** | **Grain (50%)** | • NA: primarily independent farms (83%) and co-ops (17%)<br>  • Mixed operation capacity sizes, favoring larger operations (>137k bushels)<br>• EME: primarily independent farms (41%), with some Millers (23%) and Co-ops (19%)<br>  • Medium to small capacity operations (<40k tons) |
| | **Seed (4%)** | • Medium to small operations, producing 47 tons or less |
| | **Egg (23%)** | • Mixed capacity sizes<br>• NA: Primarily independent producers, with some presence from contract growers to integrators<br>• EME: Similarly to NA, primarily independent growers, some contract growers, however three is a small presence of integrators |
| | **Poultry (9%)** | • Mixed sizes but mainly operations with less than 80k hens<br>• Primarily producers for integrators (~60%) but also some presence of independent producers (~20%) and integrators (~10%) |
| | **Swine (14%)** | • Small farrowing and breeding operations (<1,250 hogs), medium to large nursery and growing/finishing operations (1,250 hogs or greater)<br>• Mainly producers for an integrators (50%), independent growers (37%), integrators (13%) |

## Recommendations

DUCKER

| | | Efficiency Masters |
|---|---|---|
| **Go to market strategy** | **Build share of wallet with existing companies and expand into new accounts**, by focusing on close relationships with owners and promoting efficiencies | • **Business development should focus on proven technology that supports operational efficiencies**<br>• **Customer retention will be largely driven by maximized uptime and improved operational efficiencies; continue to demonstrate financial and production metrics**<br>• Centralized decision making and fewer locations make this an easier customer to target<br>  • NA favors centralized decision making and dealer channel; target and maintain close relationship with owners<br>  • EME favors direct channel and multiple decision makers (lower presence). Identify relevant stakeholder (can be the operation or financial manager)<br>• A segment where brand reputation and supplier relationship matter: develop in-depth relationship with owner as part of a joint work on continuous improvement of operations efficiency<br>• Start promoting technology solutions early to ensure later adoption, connect technology usage to maximizing uptime |
| **Marketing approach/ Value proposition** | **Proven technology** improvements tied to productivity | • Develop and share **cases studies, benchmarks with competitive brands to demonstrate AGCO's advantages and value-add services**; or also **benchmark the Customer's business performance year over year to show improvement in production output** and quality based on partnership with AGCO<br>• Use a mix of financial KPIs, production metrics and testimonies about overall systems reliability and efficiency<br>• Develop key value propositions around ease of use, uptime, parts availability, partnership with reputable supplier (be it dealer or manufacturer) |
| **Service Opportunity** | **Service opportunity for more complex needs**; must be serviced quickly to avoid downtime | • Communicate on a **"Full efficiency / no downtime" policy** incl. parts availability, quick service in case of issue (problem solving in 24h max could be a benchmark), reassurance on issue solving and technical experts' proximity |

CONFIDENTIAL -DUCKER HOLDINGS LLC

# Recommendations

DUCKER

| | | Absentee Operators |
|---|---|---|
| **Go to market strategy** | **Partnership approach to serving customer base** | • **Hardest segment to identify, attract and retain due to hands off approach and diffuse decision making** (multiple stakeholders and locations, mixed dealer vs. direct)<br>  • EME joint decision making, mix channel<br>  • NA centralized decision making and favors dealer channel (lower presence)<br>• **A sales strategy focused on new business development can be hard to implement and require massive efforts to generate strong leads in target companies**<br>• **AGCO could adopt a tailored sales approach given decision makers are more removed from the purchase decision**<br>  • Consider a **"consultant" approach** where AGCO can be an advisor, lead equipment selection and purchase to make it easier for the customer, who wants limited overall involvement<br>  • **Focus on developing loyalty of existing clients**: Absentee Operators expect the systems selection to be a "no brainer" and report higher level of direct purchase from manufacturer (comparable equipment for all locations). They could become captive if satisfied with equipment in place and smooth/ pain-free decision and purchase process<br>• Once customer is acquired, leverage relationship to penetrate more locations |
| **Marketing approach/ Value proposition** | **Standard solutions; high ROI and net income benefits** | • Reinforce the likelihood to purchase again by :<br>  • Support with ROI assessment/ improvement<br>  • Assessment of systems contribution to company's net income increase (their main KPI) |
| **Service Opportunity** | **Contract model for delegated service** | • Consider a **contract model for equipment renewal and maintenance**: the renewal/ scheduled maintenance is automatic, proven technologies are used (ie. not innovative)  and limited involvement from internal stakeholders is expected |

# Recommendations

DUCKER

| | Sophisticates | |
|---|---|---|
| **Go to market strategy** | **Premium customer strategy;** retain, build share of wallet with existing customers, and expand into new customers | • **The most rewarding but also demanding customer segment, with a typical premium customer profile**<br>• Consider a key account approach, with local presence and high quality service: selling a solution more than just equipment<br>  • Design tailored solutions to company's needs<br>  • Use the most innovative technologies, sensors and monitoring systems,<br>  • Manufacturer commitment on output quality, quantity and some company's metrics (improvement in production performance, savings generated from the usage of latest technologies or ROI optimization…)<br>• **Leverage advanced technology offerings to differentiate vs competition and influence the tender process** (usually strict supplier selection) at the specification phase, securing AGCO specification thanks to:<br>  • Investments in R&D and continuous innovation efforts<br>  • Development of patented technologies<br>  • Cases studies and commitment to results |
| **Marketing approach/ Value proposition** | **High technology orientation; high financial and operation efficiency focus** | • They can demonstrate a strong brand loyalty when satisfied with technology offering, equipment performance and durability, and ROI<br>• Face high challenges to increase margins, limit operating costs and ensuring great quality service and repairs; help ease these burdens with both tailored and turnkey solutions |
| **Service Opportunity** | **High opportunity for value-add services** | • **Segment with highest growth ambitions; provide value-added services to help achieve growth goals**<br>• High interest in technology and efficiency makes this a good customer for predictive maintenance analytics<br>• Furthermore, this is the segment most likely to utilize external maintenance, though also reliant on internal teams; highlight efficiencies external maintenance can provide (i.e. dedicated service team from AGCO)<br>• This segment may also be more open to proactive suggestions for operations optimization, as in partnership for business needs |

# Golden Questions

DUCKER

- The following questions help to classify customers into each of the four segments
  - A tool is provided in Excel with an algorithm that will easily classify a customer into a segment based on responses to each question
- The golden questions have a 77.1% statistical accuracy rate; anything above 70% is considered very robust

| Golden Questions | |
|---|---|
| **Profile** | **Region:** |
| | **End-sector:** |
| **Importance Ratings** | **Parts availability** |
| | **Technology offering / Innovative approach** |
| | **Ease of equipment operation** |
| **Behavioral Statements (agreement)** | We place highest value on a **local supplier** (dealer, manufacturer's rep, etc.) who is able to **visit or service quickly** regardless of offerings |
| | All our systems' maintenance and repairs are performed by an **external partner** |
| | We have a **strict equipment** supplier (dealer, manufacturer's rep, etc.) **selection process**, and we select them according to a formal tender process |
| | We believe **output quality** is the primary measure of success for our company |

CONFIDENTIAL -DUCKER HOLDINGS LLC

DUCKER

# Next steps

DUCKER

## Journey Mapping

### How will journey mapping complement the segmentation research?

- Discover Moments of Truth (MOTs) in the journey; this will help provide additional actionable recommendations of where and how to play
- Identify opportunities to influence customer decision at each step (i.e. touchpoints, digital or otherwise)
- Assess satisfaction with AGCO throughout process and uncover how and where AGCO can improve the customer experience
- Lastly, we will test hypothesis around go to market strategy to further refine and validate

### Methodology

- The customer journey will be mapped for each segment
- Interviews will represent different end-sectors within the segment
- Interviews will consist of 100+ in-depth conversations via telephone

CONFIDENTIAL -DUCKER HOLDINGS LLC

# Next Phase: Journey Mapping Timing

DUCKER

| Primary Tasks | Week of (2021): | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 15-févr | 22-févr | 01-mars | 08-mars | 15-mars | 22-mars | 29-mars | 05-avr | 12-avr | 19-avr | 26-avr | 03-mai | 10-mai | 17-mai | 24-mai | 31-mai | 07-juin |
| Final Segmentation Presentation | X | | | | | | | | | | | | | | | | |
| Guidelines development | | | | | | | | | | | | | | | | | |
| Guidelines validation - preparation for project launch | | | | | | | | | | | | | | | | | |
| Interviews | | | | | | | | | | | | | | | | | |
| Interim updates with AGCO core team | | | | | | | | | | | | | | | | | |
| Analysis reporting | | | | | | | | | | | | | | | | | |
| Pre final presentation to core team | | | | | | | | | | | | | | | | | |
| Reporting finalization | | | | | | | | | | | | | | | | | |
| Final presentation, recommendations, etc.. | | | | | | | | | | | | | | | | | X |

| Ducker | AGCO | Joint |
|---|---|---|

DUCKER

# Appendix

CONFIDENTIAL -DUCKER HOLDINGS LLC

## Phase 1 - Segmentation

## The Segmentation phase includes qualitative and quantitative research, as well as robust analysis and collaboration with the AGCO team.

DUCKER

### Research

**Mid- August**

Qualitative Phase → Quantitative Phase

- *Collaborative quota and survey development*
- *Qualitative phase to gain better market understanding and inform quantitative effort*
- *Robust quantitative phase of ~1000 interviews*

### Analysis and Reporting

**December**

Analysis → Initial Segment Identification → Final Analysis and Reporting

- *Rigorous statistical analysis to generate customer segments*
- *In-depth profiling of each segment*
- *Development of "Golden Questions" to classify current and potential customers*

### Collaboration

**January 2021**

AGCO Team Preliminary Review of Segments → Final Presentation and Recommendations

- *Collaborative approach throughout engagement*
- *Preliminary review and validation of segments*
- *Presentation of insights and recommendations*
- *Preparation for Phase 2- Customer Journey*

**THIS CONCLUDES OUR PRESENTATION.**
**THANK YOU.**

Today's presentation was prepared by Ducker Research and Consulting/Ducker Holdings LLC. To the fullest extent permissible by applicable law, all information contained herein is for informational purposes only and is provided "AS IS". The information is provided (i) with no guaranty of accuracy, completeness, timeliness or that any defects will be corrected and (ii) without any representations, warranties or other contractual terms of any kind including, without limitation, warranties of title, merchantability or fitness for a particular purpose. Even if Ducker was advised, knew or should have known that claims or damages could arise from the use, misuse or delay of use of the information, Ducker assumes no legal liability for any direct, indirect, consequential, special, punitive or similar claims or damages. The information contained herein does not represent financial, legal, regulatory or other advice and recommendations from Ducker. Any use of the information is undertaken at your sole risk.

DUCKER

RESEARCH & CONSULTING

BANGALORE | BERLIN | DETROIT | LONDON | NEW YORK | PARIS | SHANGHAI

www.ducker.com