



# Sky High Harvest

Your client is a tractor manufacturer. They have been facing a decline in sales for the past one year. You need to find out the reason for the decline.

CASE TYPE  
Profitability

COMPANY NAME  
Boston Consulting Group

DIFFICULTY LEVEL  
★ ★ ★

# Sky High Harvest

## Solving the problem of declining sales

Case Type

Profitability Case

Company Name

BCG

Round

Partner

Difficulty Level



**Problem Statement** Your client is a tractor manufacturer. They have been facing a decline in sales for the past one year. You need to find out the reason for the decline.

Sounds Interesting. I would like to understand the company a little bit more. I would like to ask some questions.

**Sure! Please go ahead.**

What are the key products manufactured by the client?

**Our client only sells tractors for agriculture as of now. Their main target market is the farmers.**

Is there any specific model of tractors that is experiencing the decline in sales?

**Their product line is homogenous.**

I would like to know if by declining sales, do we mean the number of tractors or the revenue per tractor.

**The client is facing a problem with the number of tractors.**

Understood! Do we know where the client is operational?

**The client is operational in Western India.**

May I know about the clients of the tractor manufacturer? To whom do they sell in the value chain?

**The client sells to large distributors and small distributors which push down the tractors to further components of the distribution channels and also to retail shops that sell directly to farmers.**

So, I will try to structure the problem:  
 $\text{Net Revenue} = \text{Number of Products} \times \text{Price}$

I believe the problem could be with the demand or the production side because the number of products sold has gone down. Do you think this is the right issue?

**Good question. The decline is majorly due to the demand of the products.**

Right, I will be using the 4P framework to address the fall in demand. So, we have the elements of product, price, promotion and place. Is it safe to assume that there are no issues with the price or the product?

**The product is placed correctly with a competitive price. The product is almost similar to what the competitors are offering.**

I think there might be a problem with promotion. Am I right in assuming so?

**Yes, you're right, there is a problem with the promotion of the products.**

We will move forward with analysing what the issues with promotion are, considering that the client is not selling enough products. I am assuming, for a tractor company, the major channels of promotion would be word of mouth, television advertisements and radio advertisements.

**Yes, that is correct. Word of mouth is the major problem.**

In this case, there could be two possibilities: either the competitors are promoting better than our client or there is negative PR surrounding the company. Is the problem identified correct?

**The competitors are promoting aggressively. They are sponsoring village melas where farmers can see the tractors in herds and can test their functionality. Hence, they are forming a deeper connect with the product. I think you've identified the issue here. We can close the case now.**

Thank you very much!



### **HERE'S A TIP!**

Having an understanding of how an industry caters to its customers in a profitability case is extremely crucial, i.e. while breaking down a profitability case, an interviewee must be aware on how the industry adds value to a commodity through its value chain. Creating a clear, streamlined thought process would allow the interviewee to move back and forth along that line while breaking down a case.

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### CASE FLOW

#### CASE FACTS

- 1 The client only sells tractors for agriculture as of now. Their main target market is farmers and agriculturists.
- 2 The product line is homogenous.
- 3 The client is operational in Western India.
- 4 The client sells to large distributors and small distributors which push down the tractors to further components of the distribution channels and also to retail shops which sell directly to farmers.

