



Engagement Summary Number Three

Forestry Equipment Project and Market Analysis

Situation Summary: A Fortune 100 multinational manufacturer of mobile capital equipment recently acquired a European producer of specialized forestry equipment. The Company planned on introducing the line to a segment of the North American forestry equipment market in which they'd never competed. However, they were unsure if the equipment would meet the expectations of domestic end users in its current configuration, or would have to be modified to compete effectively.

Business Issues: The Company distributes its products through a worldwide network of independently owned and operated dealerships. While they are market leaders in almost every other line they offer, their forestry equipment has been limited, with little dealer commitment to it. The Company wants to improve the situation by rapidly broadening their forestry — equipment line and encouraging greater dealer participation.

Project Objectives: Provide the Company with information upon which product-development and market-introduction decisions could be based to successfully capture a significant Share of Market for rubber-tired, self-loading forwarders in the USA and Canada. The 90-day project was designed to apply both secondary and primary research to:

- Identify end-user performance expectations, selection/differentiation criteria and buying considerations when selecting forwarding equipment;
- Identify industry practices and/or market trends that are currently having an impact on the sales of forwarders, defining any anticipated trends and their potential impact.
- Then, based on the market research, recommend:
 - Product design considerations, functional and performance requirements, and product positioning approaches;
 - High potential target market niches;
 - Prime product marketing and support approaches to aid in successful sales expansion and continued growth.

Approach & Results: Secondary research showed that, at present, this specialized market segment is crowded with nine competitors — with two controlling 70% of the unit sales opportunity. But due to changing harvesting and transferring techniques, the segment offers significant growth potential. The majority of the primary research data was based on a statistically accurate survey sampling North American end users. A second group comprising European end users was also surveyed using a similar questionnaire in order to compare domestic vs. foreign end user criteria.

This method confirmed what the company already knew from its European experience, and introduced information that was contrary to the direction it was headed in North America, revealing product requirements that differed drastically from those in Europe.

As a result, the new product introduction team is altering their approach in order to develop a product that will be more responsive to the needs of the North American end user, and more desirable to North American dealers against the established competition.