



CASE STUDY :: FERGUSON

EMPOWERING FRONT LINE EMPLOYEES TO PERSONALIZE CUSTOMER EXPERIENCE

As the largest plumbing wholesaler in North America and a major distributor of HVAC and waterworks equipment, Ferguson delivers world-class service. “Nobody expects more from us than we do” is more than just a tagline to Ferguson associates, and their customers know it. It’s a cultural belief demonstrated every day through exceptional customer service, product selection, and industry knowledge.



WALKER

Well-informed customers want to do business with companies that know them and their business needs intimately. Knowledge of the need to personalize the customer experience for savvy customers drove Ferguson to transform its relationship model. By designing a dynamic model based on customer expectations, Ferguson hoped to achieve what these types of projects too often lack – employee buy-in and engagement.

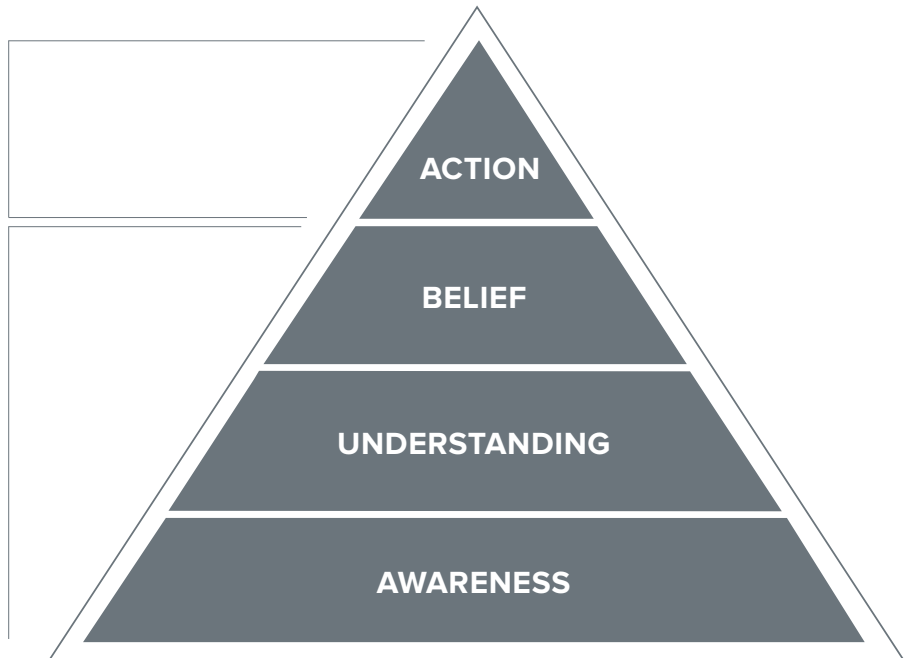
SOLUTION

With proven expertise in statistical analysis, Walker used advanced needs-based algorithms to develop a segmentation model for Ferguson that yielded five customer profiles or personas. Ferguson then piloted the new business model in key regional markets. The test market rollout included a comprehensive training and communication plan to successfully integrate the customer personas into the fabric of how the company does business with customers.

Walker's **Hierarchy of Engagement** was used as a framework for developing communication and training plans for employees. The first objective was to create awareness among employees. Dedicated time was then spent to make sure employees understood and believed in the initiative.

OPERATIONAL PLAN:
Use the foundation from training activities to put plans in place to take action on customer needs.

TRAINING:
Activities should be focused on making employees aware, working with them to understand, and ultimately secure their belief in the initiative.



WITH WALKER'S GUIDANCE, THE COMMUNICATION AND TRAINING PLAN SUPPORTED THE FOLLOWING OBJECTIVES:

- Make employees feel comfortable about business model changes
- Make it easy to understand
- Leverage e-learning, when possible
- Include customer stories/case studies to highlight the benefit of customer personas

THE TRAINING AND COMMUNICATION PLAN TOOLKIT INCLUDED:

- **Feet on the street:** Regular visits from the Walker and Ferguson customer segmentation team allowed employees to listen, share, and learn – putting them at ease about the business model changes.
- **Customer profiles:** Presented in easy-to-use dashboard form, profiles incorporated in-depth views of individual customers, segment assignment, specific customer needs, and calls to action. Shared with employees during in-person meetings and e-learning sessions, the dashboard views included ideas for customer talking points and next steps for engaging with customers.
- **Messaging to promote employee buy-in:** Training and communication emphasized ways employees can use their time with customers more effectively based on the needs-based profiles. Showing employees how the new business model could make their jobs easier and help build their books of business was an important part of the training and helped ensure success.

Price Focused Lowest Price – Fast Service



BENEFIT: Minimal time invested in relationship building but will consistently purchase if the price is right and the product is available

METRICS	WHAT DO I NEED?	WHAT DO I LOOK LIKE?	WHAT CAN YOU DO?
<p>9% % of CUSTOMERS</p> <p>5% % of SALES</p> <p>100% MAX SOW</p> <p>LOW TRUST LEVEL NEEDED</p>	<p>I am less likely to...</p> <ul style="list-style-type: none"> • Be actively growing my business • Be loyal to a single supplier • Be influenced by the sales team – I just want the lowest price • Want to be contacted by my sales rep <p>Price Sensitivity Scale</p> <p>I am more likely to...</p> <ul style="list-style-type: none"> • Be influenced by inventory availability • Be influenced by lowest price • Actively price shop and will tell you when your price is too high • Want fast, efficient service • Focus on always getting the best price 	<p>Typical Price Focused Customer</p> <ul style="list-style-type: none"> • I have a healthy company with good people • I pay my bills to take advantage of payment discounts • I have the ability to take direct shipments • I am candid about market information and competitor pricing – and I like to share it • I am highly organized • FOL users • I always get quotes from multiple suppliers; the supplier with the lowest quote gets the job <p>What I say...</p> <p><i>"Pricing same with or without a quote"</i> <i>"Provide items at lower pricing"</i></p> <p>Why Ferguson?</p> <p><i>"Ferguson offers the best price"</i></p>	<p>Account Plan</p> <p>Ask the right questions</p> <ul style="list-style-type: none"> • Do they pay their bills? • If the price is NEVER low enough, walk away or speak candidly to them...ask what they want? <ul style="list-style-type: none"> • Deliveries – if they have high delivery costs because they order products for delivery daily, look at ways to consolidate the deliveries and lower delivery costs • Set them up so they can order / flip bids to orders online to eliminate phone calls and lower order method costs • Encourage them to pay within 30 days (2% discount for paying early – if they ask) which will lower credit costs • Find their "hot button" items – lock in a 90-day price with them on specific products • Sell them the right products (we may not make money on the commodities, but bundling higher margin products along with commodities will increase margins overall). • Encourage FOL use

RESULTS

Employees in the regional test markets embraced the new business model, becoming advocates for the transformation. Success stories illustrating the impact of customer segmentation in the test markets were collected and used in the broader rollout in more regions. Grouping customers based on their needs and expectations allowed Ferguson to take specific actions to improve customer experience. This included resource allocation based on customer expectations, specific customer messaging based on customer needs, and personalized marketing plans.

The bottom line? Ferguson's financial return on personalizing the customer experience based upon customer needs has been substantial. Test markets implementing the segmentation strategy have seen a significant increase in sales, combined with a lower cost to serve.

FAIR DEAL



Not too demanding on time, has relationships with other suppliers; very aware of prices

INVENTORY SEEKER



Know what they want and just need help finding it, quickly and accurately

PARTNERSHIP PURSUER



Expects personal attention and well-informed, trustworthy associates

PRICE FOCUSED



Minimal time invested in relationship building; will consistently purchase if price is right and product is available

RELIABILITY FOCUSED



Value consistency and accuracy

The Ferguson logo consists of a stylized blue icon of a wrench and screwdriver crossed, followed by the word "FERGUSON" in a bold, blue, sans-serif font with a registered trademark symbol.

Ferguson is a top-rated wholesale supplier of commercial and residential plumbing supplies. They are a diverse distributor that spans multiple businesses including HVAC/R, waterworks and industrial.



WALKER

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