



# The Toro Company

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**TORO.**

Count on it.

# Our Brands

eXmark®

Lawn  
Genie®



**HAYTER**  
MAKERS OF THE FINEST MOWERS

**TORO®**

**LAWN·BOY®**

**Irritrol®**



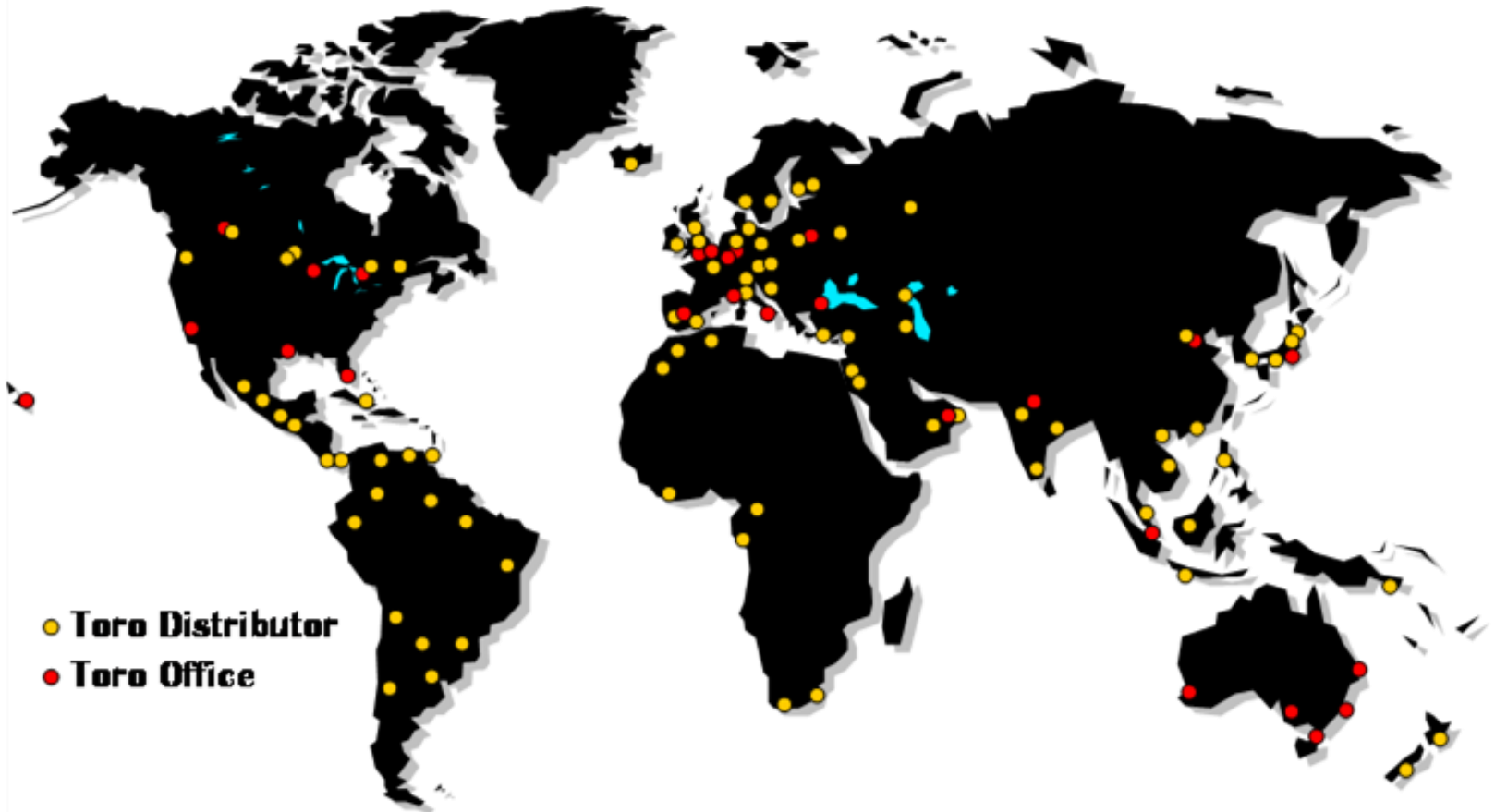
**POPE**

**TORO.**

Count on it.

# Toro Around the World

5,200 Employees ♦ 565 International Employees ♦ 130 Distributors in 140 Countries

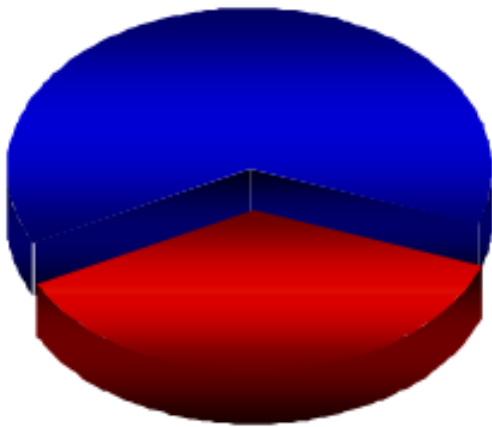


# Portfolio Transformation

## Percent of Net Sales by Segment

**1990**

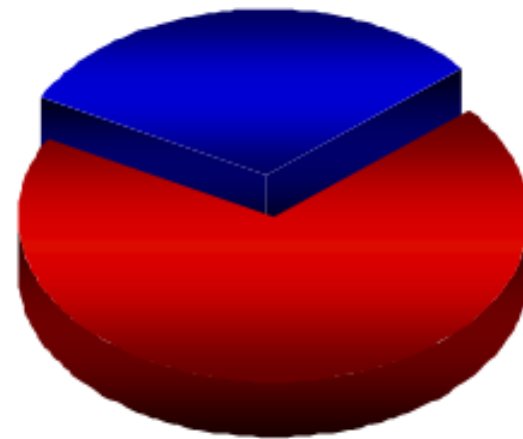
**Residential 59%**



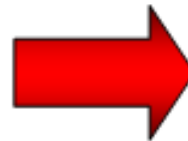
**Professional 41%**

**2007**

**Residential 31%**



**Professional 69%**



## The leader in golf.

### Golf courses choose Toro for outstanding conditions.

Course conditions and playability are critical to gaining and retaining customers at a golf course. It takes many innovative products to help maintain outstanding course conditions. Toro is proud to both hold and earn the clear number one brand share position in nearly every major turf maintenance equipment category purchased on the golf course each year.\* **The right choice.**



\*Source: National Golf Foundation Syndicated Brand Research - 2008 Recent and New Golf Purchases.

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CATEGORY	PLAYER	RANK*
	<b>TORO</b>	<b># 1</b>
IRRIGATION SYSTEMS	<b>TORO</b>	<b># 1</b>
WALK GREENSMOWERS	<b>TORO</b>	<b># 1</b>
RIDING GREENSMOWERS	<b>TORO</b>	<b># 1</b>
FAIRWAY MOWERS	<b>TORO</b>	<b># 1</b>
TRIM MOWERS	<b>TORO</b>	<b># 1</b>
ROUGH MOWERS	<b>TORO</b>	<b># 1</b>
GREENS AERATORS	<b>TORO</b>	<b># 1</b>
FAIRWAY AERATORS	<b>TORO</b>	<b># 1</b>
POWER BUNKER RAKES	<b>TORO</b>	<b># 1</b>
HEAVY DUTY VEHICLES	<b>TORO</b>	<b># 1</b>

\*NATIONAL GOLF FOUNDATION 2008 RECENT AND NEW GOLF PURCHASES

[www.toro.com](http://www.toro.com)

800-803-8676



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# Innovation

**SmartCool™**



**myTurf™  
Fleet Management**



**Quick Attach  
System™**



**14-Blade Reel**



**Pro Control™  
Spray System**



**DPA  
Cutting Unit**



**Titan™ Split Tine**



**Sidewinder®**



**Control Hub™**



**Contour™ Plus  
Cutting Unit**



**CrossTrax®**



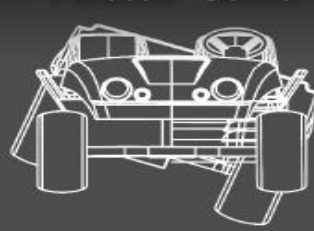
**Molded Plastic  
Nozzle**



**S.R.Q.™**



**Twister™ Joint**



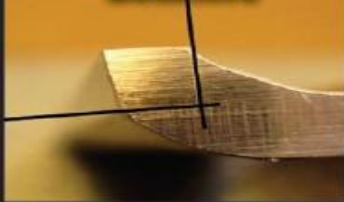
**Titan®  
QuickChange™  
Tine Head**



**Wireless  
Hour Meter**



**EdgeMax™  
Bedknife**



**InfoCenter™**



**Wireless  
Remote Control**



**Polar Trac™**



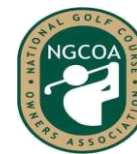
**TORO.**

Count on it.

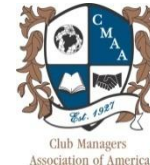
# Relationships



Experts on the Field, Partners in the Game.



GOLF COURSE SUPERINTENDENTS ASSOCIATION OF IRELAND



**TORO.**

Count on it.

# *VOC Research in the Product Development Process*

# VOC Requirements

- Stage Gate 2 – Feasibility
  - Seven parts to collecting VOC
    1. Business reason for product?
    2. What are the objectives for the VOC?
    3. Who are the target customers
    4. Describe secondary research data
    5. Describe in detail the knowledge gaps
    6. Present your hypothesis about customer requirements, constraints, fears, and desired outcomes
    7. Present the detailed plan for the VOC research

# VOC Requirements

- Stage Gates 3 & 4 – Development
  - What information did you capture about the customers and their requirements that was previously unknown?
  - What information did you capture about the customers and their requirements that validated existing knowledge?
  - Did you close any gaps in your understanding of the customer? If so, please describe.
  - Did any of the data collected validate/invalidate the hypotheses that you wrote in the VOC Plan?
  - How did the findings impact the product specification?
  - How did you communicate your findings to the team?
  - Will any of your findings impact project scope, budget or schedule? If so, please describe.

# New Technology Case Study

**Radical Innovation**

New

**EXPAND INTO NEW MARKETS**

Enter new market segments or geographies with the same products

**EXPLORE NEW BUSINESSES**

Launch new products that are sold to new markets or enter into new industries

**MARKET**

Same

**ENHANCE CURRENT PRODUCTS AND/OR BUSINESSES**

Improve products, add features and/or improve sales or channels

**EXPAND INTO NEW PRODUCT LINES**

Add services or solutions that can be sold to same market

**Incremental Innovation**

Same

**PRODUCTS**

New



# The VOC Challenge?

- How do we determine if the customer is ready for a leap-frog technology?
- Toro Culture.....

# Our Project Team

- Senior Management
- Engineering
- Product Marketing
- Business Development
- Advanced Technology
- Technology Partner
- Research Partner

# Our Team Insight

- Golf courses are slow to adopt new ideas.
- The look of the greens and fairways is an extension of the course personality.
- Courses are always looking for the best solution to get ahead of the competition as a way to bring new golfers to the course.
- Improving productivity /reducing labor expenses is high priority for courses today.

# Our Premise?

- If Toro could develop a technology solution that improved both looks and productivity, shouldn't the adoption rate increase?

# Our Work Plan

Site Analysis?

Concept Value?

What Features?

**"VOC NPD technology system"**

Who Will Buy It?

How Many?

How Much?

# Who Is The Customer?

Deciders?

**“Owner”**

**“Superintendent”**

Influencers?

**“Operators”**

**“Technician”**

# VOC Observation

## **SITE VISITS**

- **Detailed Task Analysis**
  - **Application Validity**
- **Customer's Perception of the Solution**
- **Insight for Focus Group research**

# Concept Value? VOC Focus Groups

## Description Only



## Concept Value? (Go/No Go)

### KEY QUESTIONS

- Benefits (Add Value)
- Concerns (Show Stoppers)
- Purchase Criteria?
- Purchase Number?
- What Would You Pay?
- Would You Invest?
- Trusted Brand To Provide?

Would your course consider using x?  
(Yes/No)

- **90%**

# VOC Observation

- Did The Customer Understand The Solution Proposed?

# Quantitative Overview

- **What Features?**
  - **Who Will Buy It?**
    - **How Much?**
      - **How Many?**

**One Survey**

# One Survey

- To meet our objectives the survey utilized 3 types of research methodologies:
  - Conjoint – A study that assesses trade-offs in the purchase decision when all attributes/features of a potential product/service are deemed to be important, thus making it difficult to understand the true priorities that customers have for their purchase decisions. This methodology also will identify the value of each feature in a purchase decision.
  - Kano - A quality measurement tool which can be used to classify and prioritize customer needs. Kano analysis can help rank requirements for different customers to determine which have the highest priority.
  - Van Westendorp - A price sensitivity measurement that identifies the perceived normal and penetration price for a given product or service.

# Survey Questions

## **KANO**

The respondent answered three questions about each product feature.

- First, the respondent rates how important the product feature is to them using a 10-point scale.
- Next, the respondent is asked how they would feel if the product **HAD** that particular product feature. This is the “**Functional**” form of the question.
- Third, the respondent is asked the “**Dysfunctional**” form of the question: how would they feel if the product **DID NOT HAVE** that particular product feature or had a diminished form of that feature.

## ***Van Westendorp***

The following set of questions was asked to respondents:

- What price would you say the cost is inexpensive?
- What price would you say the cost is expensive, but worth considering?
- What price would you say the cost is too expensive to consider?
- What price would you say the cost is too cheap to be of value (you would question its quality)?

# Survey Questions (Continued)

## *Conjoint*

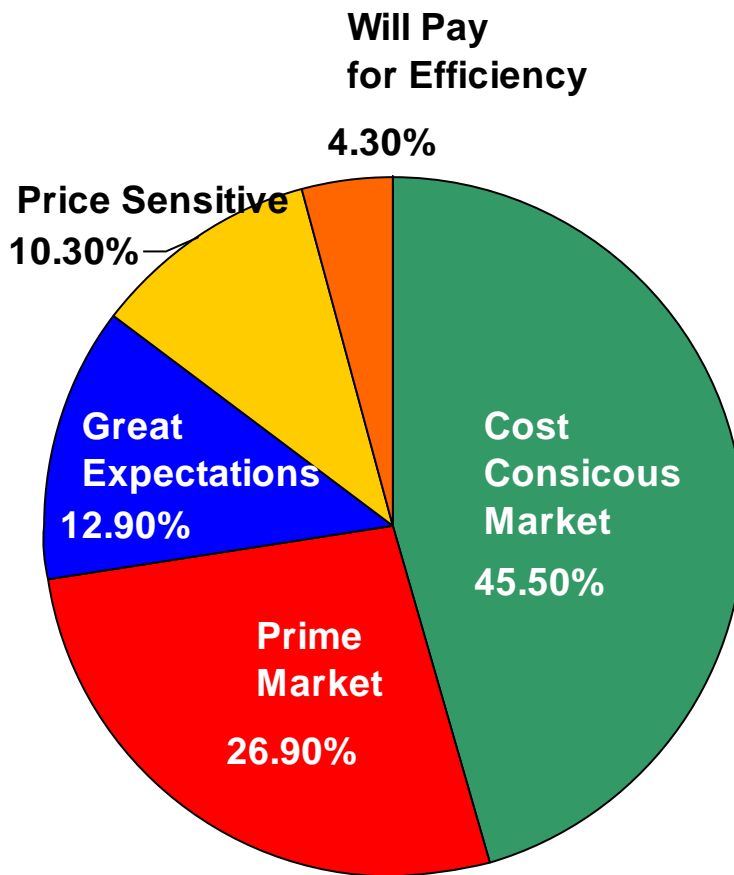
For each feature set the respondent was also asked:

- What would be your interest in purchasing this solution?  
\_\_\_\_\_ [Rate on a scale from 1 to 100, where 100 means “Definitely would purchase”]
- How many would you buy with these features in the next two years?  
\_\_\_\_\_ [Record Actual Number]
- On a scale of 1-10, where 10 is very likely and 1 is not at all likely, how likely would you be to switch from your primary brand to purchase this solution with these features from another company?

# Data Collection

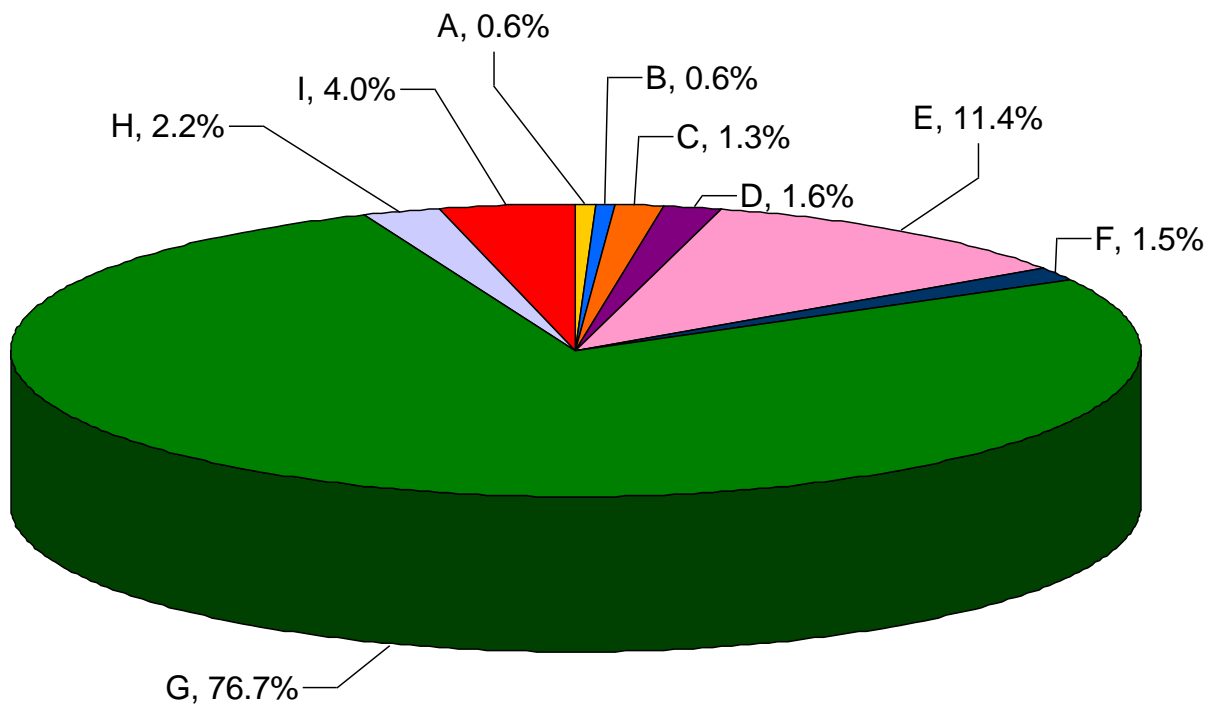
- Respondents were qualified by phone and directed to a web survey.
- Toro was not identified as the study sponsor.
- The features tested were the same for all segments.
- 128 Questions.
- 30 Minutes To Complete.
- There was a \$100 incentive for completion of the study.

# Results - Segmentation



# Results - Conjoint

Importance of Attributes



**TORO.**

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**We have a Secret (Don't  
Be Disappointed!)**



**Customers May Lie**

# Results – Forecasting (Calibration Process)

## Calibration Process

Ice Cream	x		x		x		x		x	
	You	Me	You	Me	You	Me	You	Me	You	Me
x	1,298	1,514	3.08	3.28	3,998	4,966	1.80	1.90	2,335	2,870
x	2,524	1,795	2.27	2.47	5,718	4,435	1.34	1.41	3,385	2,539
x	3,553	675	2.39	2.44	8,502	1,645	1.24	1.32	4,421	888
x	3,053	265	NA	NA	NA	NA	1.00	1.05	3,053	278
x	1,270	105	NA	NA	NA	NA	1.00	1.00	1,270	105
<b>Total</b>	11,698	4,354			18,217	11,046			14,464	6,680
<b>Grand Total</b>	16,052				29,263				21,144	

## Why Calibrate

- Calibration is necessary because survey respondents typically **over-estimate purchase** volumes and what they own . If we simply took them at their word, the respondents may report many more purchases than market data indicate are in use.
- Similarly, the respondents will also **over-estimate the number of solutions they might purchase**, so the “lie factor” suggested by the data in the table is used to scale back their stated estimates of purchase volumes.

# Tangible Benefits

- Realized customer did understand solution
- Our thoughts about efficiency would not gain us share
- Technology operational issues were a barrier
- Spent less money: research costs vs. developing prototypes
- Provided funding for additional projects
  
- WE DID NOT MOVE FORWARD

# VOC Triad

- Marketing, engineering and test must work in concert to execute on the VOC results
- VOC also involves internal stakeholders, including, sourcing, manufacturing and distribution channel

