



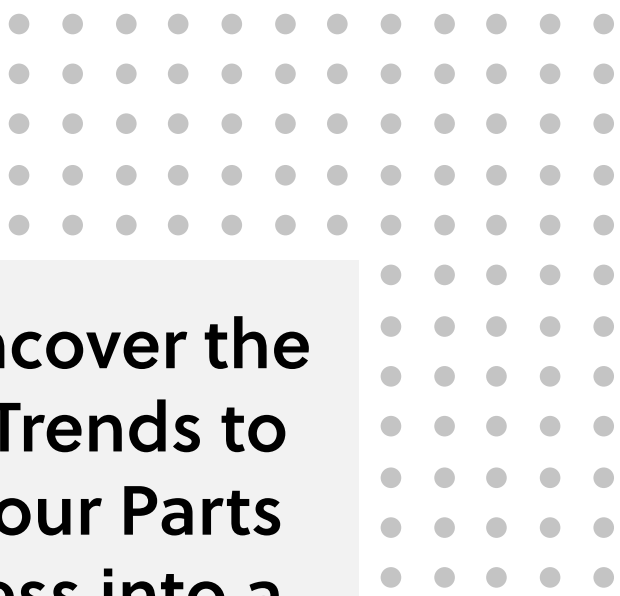
WHITEPAPER

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A background image showing a close-up of a John Deere tractor's rear wheel and chassis. The tractor is green and has 'JOHN D' visible on the side. The wheel is a large, treaded tire with a metal hub. The ground is dry and brown, suggesting a field or farm.

# CEO's Success Blueprint for 2025: Scaling the Agriculture Machinery Parts Business





**We Uncover the  
4 Key Trends to  
Turn Your Parts  
Business into a  
Major Revenue  
Driver in 2025.**

# CONTENT

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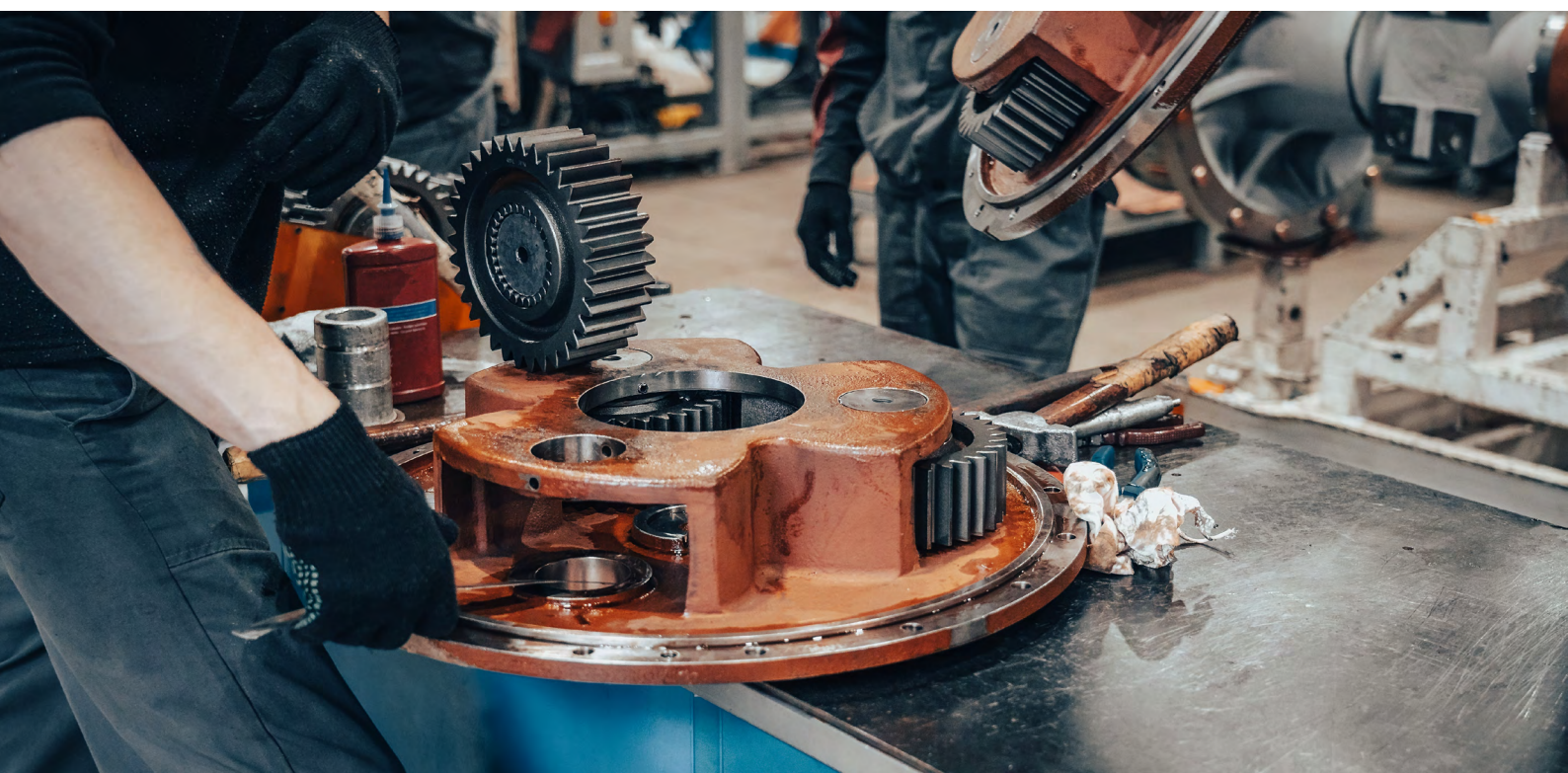
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# Introduction

The past half-decade has been met with many large-scale changes that have kept business leaders on their toes, struggling to keep their company profitable and remain competitive in the face of rapidly changing market dynamics. From COVID-19 to escalating wars, we have seen the effect of these changes rippling through the business world resulting in unstable economic environments. It is no surprise that the current business world requires new ways for growth that can withstand the uncontrollable external market dynamics. As we approach the year 2025, we see some trends that can guide this strategy and allow leaders in the agriculture machinery manufacturing market to capitalize on them before the next unforeseen challenge arrives.

Agriculture machinery manufacturers find themselves at a pivotal moment as they operate in a complex and shifting industry. While having the potential to shape the rapidly evolving market environment and profit from rising global demand for food, manufacturers are also facing significant challenges that threaten their bottom line and long-term growth. Companies such as John Deere are directly experiencing the impact, facing significant declines in net sales and revenue compared to 2023, with net income dropping by approximately 25% during the same time-frame. These figures reflect broader trends across the agricultural industry, driven by high interest rates, economic uncertainty, and a lack of predictability in new machinery sales.



In light of these challenges, the aftermarket business offers agriculture machinery manufacturers a high-margin business stream that can not only offset the loss in revenue from the declining sales of new machinery but also sustain profitability for years to come. In fact, as farmers increasingly turn to maintaining and upgrading existing machinery rather than investing in new equipment, manufacturers that focus on scaling their parts business can secure a resilient revenue stream and long-term customer relationships.

However, agriculture machinery manufacturers face several parts-specific challenges that must be addressed to fully capitalize on the given opportunities:

#### PRICING

Many customers perceive the prices of OEM parts as high and are tempted to purchase cheaper, knock-off alternatives. This presents a major challenge to maintaining the profitability of the parts business while keeping customers loyal to the brand.

#### TRANSPARENCY

Growth markets, such as those in Africa, LA-TAM and APAC, present a lack of transparency regarding competitors and their pricing strategies, making it difficult for manufacturers to grow in these regions.

#### DEALERS

Dealers often set their own prices for parts which are not always in line with the pricing strategy of the OEM. Close collaboration is required to ensure sustainable mutual benefits incl. appropriate dealer discounts, competitive list prices, and customer centricity.

#### CUSTOMIZATION

As agricultural machinery becomes more technologically advanced, the demand for specialized spare parts increases. Managing the pricing and inventory of these highly customized parts adds another layer of complexity, particularly for manufacturers trying to meet diverse global market needs.

These challenges highlight the urgent need for agriculture machinery manufacturers to adopt a more strategic approach to their parts business. By addressing these issues and using the latest trends such as digital transformation, market intelligence, and customer-centric strategies, companies can not only overcome current challenges but also unlock significant growth opportunities in 2025 and beyond.

In this whitepaper, we discuss 4 key trends that are shaping the way OEMs and OPMs in the agricultural manufacturing industry can improve revenue and establish their competitive advantage. Based on these key findings and market trends, we aim to provide a comprehensive understanding for leadership in the agriculture machinery sector to help carve out the path forward for sustainably scaling their parts business.





## 4 Key Trends Shaping OEMs in 2025

The essential trends every top management should track across the OEM industry, regardless of sector, are:

### DIGITAL TRANSFORMATION & AI

The OEM industry is rapidly embracing digitalization, with a notable shift toward online sales channels, transforming operational and organizational processes digitally, and building digital ecosystems to cater to all commercial areas of the business. This trend is especially apparent in regions like North America and Europe. Additionally, the rising popularity of Artificial Intelligence also opens up interesting use cases for the industry. Digitalization and AI are reshaping how parts are manufactured, marketed, sold, and distributed. They also bring high-value drivers like competitive pricing and enhanced customer engagement tools.

### INCREASING RELEVANCE OF AFTERMARKET SALES

Aftermarket sales have become a significant revenue stream for OEMs and OPMs. This trend is evident across industries as companies recognize the value of maintaining a strong aftermarket presence. The aftermarket is no longer an afterthought; it is a critical component of business strategy, often contributing more to revenue than the initial sales of original equipment. Companies are focusing on building customer loyalty by offering high-quality spare parts and exceptional customer services.

### MARKET INTELLIGENCE & PRICING STRATEGIES

Pricing is a crucial element in the parts industry. OEMs and OPMs are realizing that the traditional pricing models are inefficient and limit their revenue potential. They are now using market research tools and automated market intelligence to optimize their pricing strategies. This allows them to continuously monitor competitor prices and adjust themselves to maximize revenue and profit margins. The ability to quickly respond to market fluctuations with dynamic pricing models is essential for maintaining competitiveness and digital tools are proving to be instrumental in enabling this.

### FOCUS ON CUSTOMER-CENTRIC APPROACHES

A customer-centric approach is vital for OEMs and OPMs to build and retain a loyal customer base. This involves offering value for money, quality assurance, competitive pricing, and extraordinary aftermarket services. Companies are focusing on providing seamless customer experience, which includes easy access to the parts portfolio and extended service warranties. This strategy effectively retains current customers and attracts new ones, reducing the risk of losing them to third-party suppliers.

These trends give invaluable insights into the changing behaviors and demands of the market. Companies must adapt to these to remain competitive and uncover new revenue potential by capitalizing on these trends. From digitization to being customer-centric to leveraging market intelligence for pricing, in the next sections we give actionable insights to help you unlock growth and position your company more competitively in the agricultural machinery market.

# Turning Trends into Revenue in Agriculture Machinery Manufacturing

Leveraging these trends and adapting your strategy to the specific challenges of agriculture machinery manufacturing can drive significant revenue and growth for your company.

## DIGITAL TRANSFORMATION & AI

CEOs are increasingly prioritizing the digital transformation of their organizations, ranging from their sales channels to manufacturing processes to operations. For agriculture machinery manufacturers, the benefits of digital transformation are immense. For instance, AI is transforming aftermarket services by automating complex decisions, putting data in the center of decision-making. Algorithms process large data sets in real time, improving data quality and accessibility. This shift allows teams to concentrate on revenue-generating tasks rather than manual data management. AI also automates customer service and boosts cross-selling strategies. Further, integrating Internet of Things (IoT) technologies into equipment allows for predictive maintenance, helping farmers minimize downtime during critical planting and harvesting seasons. By using AI to monitor equipment performance and predict part failures, manufacturers can offer smarter, data-driven services that keep customers' operations running all year. Additionally, AI-powered inventory management systems can forecast demand for specialized parts, helping manufacturers maintain optimal stock levels. Predictive analytics can also help optimize production and distribution of these customized parts, reducing overhead and meeting customer demand. This reduces equipment downtime and prevents potential overcharging by part dealers.





### INCREASING RELEVANCE OF AFTERMARKET SALES

OEM CXOs should focus on aftermarket sales in the current environment due to several compelling reasons. The aftermarket has become a critical revenue stream, often contributing to higher margins compared to new equipment sales. This shift is driven by the growing demand for maintenance, upgrades, and personalized support over the extended life cycles of equipment, resulting in a stable cash flow, especially in off-seasons when new machinery sales might slow down.

In agriculture, equipment is often used in harsh, variable conditions, which increases the need for regular maintenance and replacement parts compared to other industries. By focusing on aftermarket sales, manufacturers can build a robust system for managing specialized parts. Offering tailored service contracts and personalized part offerings ensures that customers get the right parts when they need them, increasing customer loyalty while managing the complexity of advanced equipment.

Parts are historically high-margin products, and the growing importance of aftermarket is a fantastic opportunity to combine this relevance with economic growth. Agriculture machinery manufacturers can capitalize by offering bundled service packages, which include regular maintenance and extended warranties. This not only improves margins but also builds long-term relationships with customers, ensuring they return for future purchases.

### MARKET INTELLIGENCE & PRICING STRATEGIES

Pricing is a crucial element in the parts industry. Given the competitive nature of the agriculture machinery market, manufacturers must adopt dynamic pricing strategies. Agriculture machinery parts are subject to price fluctuations due to material costs and supply chain disruptions. Leveraging market intelligence tools to continuously adjust prices based on competitor activity and market conditions can help manufacturers remain competitive while maximizing profit margins. With a partner like MARKET-PILOT, manufacturers get highly accurate market intelligence to align their pricing with current market demands, ensuring that they aren't overpricing or undervaluing their parts. Market intelligence tools provide manufacturers with data on global pricing trends, including in regions with limited transparency. By gaining insights into competitor pricing, manufacturers can develop competitive pricing models in these growth markets.

### FOCUS ON CUSTOMER-CENTRIC APPROACHES

Farmers depend heavily on reliable machinery to meet their production goals. Agriculture machinery manufacturers can build loyalty and trust by focusing on their customers and strengthening relationships with reliable distribution partners. By collaborating closely with dealers – who have direct connections to end customers – manufacturers can ensure seamless access to parts, personalized service contracts, and rapid support when equipment breaks down. Supporting dealers with flexible payment options or financing for expensive parts can also help them better serve farmers, who often need to manage cash flow tied to seasonal production cycles. An aligned, market-based pricing strategy enhances transparency, empowering dealers to offer fair prices while upholding trust and value for customers. By strengthening this partnership with dealers, agriculture machinery manufacturers contribute to a mutually beneficial relationship that enhances service quality and customer satisfaction.





Overall, these trends will directly impact the growth and profitability drivers for OEMs and OPMs in the agriculture machinery manufacturing industry. Embracing digitization, focusing on after-market sales, leveraging market intelligence tools for price optimization, and keeping customers front and center are key steps to drive growth, enhance customer satisfaction, and maximize profitability in 2025 and many more years to come.



# IV. Digital Transformation: The Key to Future Growth

OEMs and OPMs can no longer afford to be left behind in digital transformation due to the competitive pressures and operational demands of the modern market. Digital transformation offers companies across all industries the opportunity to enhance productivity, reduce costs, and improve product quality through the integration of advanced technologies like IoT, AI, and data analytics. These technologies enable real-time data collection and analysis, which are crucial for making informed decisions and optimizing operations.

## BENEFITS

### Cost Reduction:

Digital transformation can significantly reduce production costs by improving overall equipment effectiveness (OEE) and enhancing job shop scheduling. This leads to faster issue detection and resolution, minimizing downtime and waste.

### Improved Forecasting and Decision-Making:

Advanced analytics and AI improve forecasting accuracy, enabling better planning and resource allocation. This leads to more efficient operations and enhanced decision-making capabilities.

### Competitive Advantage:

Embracing digital transformation positions companies to stay ahead of competitors by rapidly adapting to market changes and customer demands. This agility is crucial for maintaining market relevance and capturing new opportunities.

### Enhanced Customer Experience:

Digital transformation allows OEMs and OPMs to offer personalized and data-driven customer experience, improving customer satisfaction and loyalty. This is achieved through better product quality, seamless interactions, and tailored services.

## IMPLEMENTATION

### A Pragmatic Digital Strategy:

Start by creating a comprehensive yet pragmatic digital strategy. This involves assessing current digital maturity, identifying key areas for improvement, and then creating a strategy that directly addresses these areas.

### Invest in the Right Tools:

Invest in tools and technologies that enable your digital strategy and most importantly give you insights into your operations, customers, competitors, and the market. Invest in data analytics, AI, and Internet of Things (IoT) tools to have a robust digital ecosystem.

### Build Strategic Partnerships:

Collaborate with technology providers to access state-of-the-art solutions and expertise. These partnerships can facilitate the seamless integration of new technologies into existing operations.

### Focus on Customer-Centric Solutions:

Shift from product-centric to customer-centric approaches by creating digital solutions that address specific customer needs and enhance engagement.

By implementing these strategies, you can effectively use digital transformation to unlock significant benefits, ensuring long-term success and competitiveness in the agricultural machinery industry.

# V ■ The Road to Revenue is Paved by Market Intelligence

Market intelligence is essential in today's competitive environment because it provides OEMs and OPMs with greater control over their pricing strategies. By collecting up-to-date pricing data from all competitors and resellers, companies can adjust prices to reflect current market conditions rather than using the old "cost plus margin" pricing approach. This approach often leads to underpricing or overpricing of parts which results in significant losses in uncaptured revenue. To maximize revenue potential and stay competitive, aftermarket parts business must reflect the most competitive price. Agriculture machinery manufacturers now can gather data from various sources, and, with improved systems and advanced analytics, they can analyze and interpret it to gain a holistic understanding of their business. This approach is particularly beneficial in sectors such as the agricultural industry with fluctuating demand and competitive pressures, where static pricing models may lead to missed opportunities or suboptimal pricing.



But to leverage market intelligence and find optimal pricing, you first need to invest in the right digital infrastructure that enables it. Manual analysis and comparison are not an efficient way to analyze a large parts portfolio, especially in the face of ever-increasing competition from new vendors, suppliers, and resellers in various territories. Therefore, a digital market intelligence tool specialized in pricing is the right choice. MARKET-PILOT offers solutions that identify and untap growth opportunities, even in areas with limited market data, by leveraging our AI-driven insights. The ease of implementation ensures that businesses can adapt to market conditions swiftly and efficiently, ultimately driving growth and profitability in the parts business. This enables you to implement accurate and instantaneous price changes across your whole portfolio, ensuring agility and precision.



## BENEFITS

### Optimized Revenue:

Implement dynamic pricing models for more precise and competitive pricing, which can maximize your revenue potential.

### Improved Market Position:

Real-time intelligence helps you stay ahead of competitors by adjusting prices according to market fluctuations.

### Higher Profit Margins:

Using pricing intelligence ensures that your parts are neither over- nor underpriced, allowing for optimized margins and better inventory management.

### Accurate Data for Decision-Making:

Access to up-to-date market data enables more informed decisions, reducing your risks and missed opportunities.

## IMPLEMENTATION

### Adopt Market Intelligence Tools:

Use pricing software like MARKET-PILOT's solutions to gather and analyze competitor pricing data, ensuring your prices remain competitive and profitable.

### Introduce Dynamic Pricing Models:

Continuously adjust prices based on market trends, competitor activity, and market demand to stay competitive and maximize margins.

### Monitor Market Trends:

Regularly track changes in the global and regional market landscape to anticipate pricing adjustments.

### Train Sales Teams:

Ensure that your sales and customer service teams are well-trained on pricing strategies to communicate effectively and transparently with customers.



# VI. The Potential of Aftermarket Sales

The agriculture machinery industry is having a solid growth forecast, driven primarily by an increasing global population. However, OEMs cannot assume they will automatically benefit from this development, as many established big players such as John Deere or CNH are already facing declining sales and employee layoffs due to decreased market demand for machinery. As a result, aftermarket sales and parts business can be regarded as a significant opportunity for growth. While the initial sales of machines generate larger instant revenue, the aftermarket presents a significant opportunity for sustained profitability and customer satisfaction, specifically in times with low demand for new machinery.

Focusing on scaling the aftermarket and parts aspect of the business offers compelling benefits for your company. Our data shows that many manufacturers generate 40-50% of their overall profits from services, indicating significant revenue potential in this area. Additionally, parts sales in OEMs typically provide gross margins exceeding 30%, emphasizing the profitability of the parts business. By prioritizing these segments, you can tap into a lucrative revenue source, diversify income streams, adjust your pricing strategy, and strengthen customer relationships.

## BENEFITS

### Higher Profit Margins:

Profit margins in the parts segment are generally much higher compared to the initial sales of machines

### Steady Cash Flow:

Maintenance and repair services create a recurring revenue stream and generate 40-50% of the overall revenue, which makes it a critically important focus area

### Stronger Customer Loyalty:

A great opportunity to strengthen customer relationships with outstanding customer experiences

### Sales Opportunities:

Potential to bundle services with the supply of parts which can further improve profitability

## IMPLEMENTATION

### Create a Robust Service Network:

Build an extensive network of service centers or certified third-party repair providers to offer timely and quality customer services.

### Introduce Subscription Models:

Offer service contracts or subscription packages for regular maintenance, ensuring a steady flow of aftermarket revenue.

### Improve Spare Parts Availability:

Invest in optimizing your spare parts inventory and distribution, ensuring that customers can easily access critical parts when needed.

### Focus on Customer Engagement:

Regularly engage with customers post-sale through surveys or feedback loops to identify needs for additional parts or services.

Scaling the aftermarket sales and parts business offers solid opportunities to differentiate yourself against competitors and consistently grow revenue.





## VII. Keeping Customers Front and Center

By focusing on customer needs and preferences, OEMs can build stronger and more meaningful relationships, leading to increased customer loyalty and retention. This involves actively listening to feedback, adapting products and services to better meet consumer expectations, and consistently delivering value throughout the customer journey. This approach is particularly important as acquiring new customers is often more costly and resource-intensive than retaining existing ones. Moreover, satisfied customers are more likely to become brand advocates, further enhancing the company's reputation and attracting more business.

### BENEFITS

#### Enhanced Customer Loyalty and Retention:

By focusing on customer needs and preferences, agriculture machinery manufacturers can build stronger relationships, leading to increased customer loyalty and retention.

#### Increase Customer Lifetime Value (CLV):

Being customer-centric helps you build tailored experiences that enhance the user experience for better customer loyalty and ultimately a better CLV. Be consistent, transparent, and valuable in all interactions to enhance overall customer satisfaction.

#### Stronger Brand Affinity and Word-of-Mouth:

By carefully crafting an outstanding experience for buyers whenever they interact with your brand, you can be sure to reap the rewards in a growing brand affinity and reputation. This would also directly increase revenue through an increase in opportunities from word-of-mouth. A strong brand also helps in entering new territories for selling agriculture machinery and equipment.

### IMPLEMENTATION

#### Be More Data-Driven:

Agriculture machinery manufacturers can be more customer-centric by leveraging data insights from their customers to gain a comprehensive understanding of customer behavior and preferences. This information can be used to personalize offerings and improve overall service.

#### Integrate All Touchpoints:

Ensure that all customer interactions, whether digital or physical, are aligned and consistent. It can also be used to create a seamless customer journey across all channels, from pre-sales to post-sales support.

#### Personalized Offers:

Use customer data to tailor marketing efforts and product recommendations.

#### Real-Time Customer Engagement:

Implement systems that enable real-time customer interactions and feedback loops. This will allow you to respond quickly to customer needs and continuously improve your offers to match customer needs.

Implement these customer-centric approaches to further strengthen your brand, improve customer retention and loyalty, and increase CLV.

# VIII. Conclusion

As we approach 2025, these emerging trends hint at a future filled with both challenges and opportunities for OEMs and OPMs in the agricultural machinery industry. The C-suite can use these trends to unlock new opportunities for driving growth and position themselves more competitively in a volatile market environment. The aftermarket sales segment holds huge potential for driving revenue and strengthening your market position. It also presents opportunities to improve customer loyalty, retention, and satisfaction, leading to a stronger and growing brand. However, it can only be achieved by having the right digital strategy and market intelligence tools that can provide the critical insights you need to make decisions.

“The competitive landscape has become more intense. Leaders must make growing their parts business a priority in order to drive success and achieve their parts revenue goals.”

-Tim Geyer, Managing Director of MARKT-PILOT in North America

Embracing digital transformation, focusing on aftermarket sales, using market intelligence, and being customer-centric are essential steps toward driving growth, enhancing customer satisfaction, and maximizing profitability in the agriculture machinery industry.



# LET'S TALK AND LEVEL UP YOUR PARTS BUSINESS.

More than 140 years of experience in the aftermarket of machine manufacturing combined with innovative AI: That's MARKET-PILOT. Our solution enables your parts business to remain profitable even in dynamic markets and reliably make your price potential visible – for more sales and higher customer satisfaction. Let's talk and find the best solution for you.

LET'S TALK



Join over 150 machine manufacturers already relying on MARKET-PILOT and actively benefiting from our solution.

