

Willie Nelson's Biodiesel

Market Buster

Summary

Willie Nelson's Biodiesel has its success concentrated in the Midwest and mainly among truck drivers or vehicles with diesel engines. Promoting an idea by encouraging Americans to help their country and the farmers, Willie Nelson has encouraged people to move toward social responsibility. He has used his popularity among fans and rapport with truck drivers to create loyalty in using his branded biodiesel, BioWillie. By providing an alternative energy source that is slightly cheaper than diesel and yet provides the same or more mileage, customers have been quick to respond. Since it is a modified diesel blend, it can be used in regular diesel engines and doesn't require them to be customized. Willie Nelson's Biodiesel has five partners and is expanding into other parts of America by instilling pride in American fuel and a cleaner environment.

The Story

Famous singer and founder, Willie Nelson learned about Biodiesel through his wife's actions, a few years before it was built into a company. His wife bought a biodiesel-burning car in Hawaii which made Nelson read about biodiesel online and realize its potential in the future. His idea was launched in 2004 as the company based in the Midwest, Willie Nelson's Biodiesel selling a fuel called BioWillie. The popular singer began advocating biodiesel more as an act of social responsibility than anything else. He began selling the fuel from Carl's Corner truck stop, south of Dallas, Texas. Willie Nelson is an active supporter of farmers and has helped them over the years through the FarmAid program that brings together family farmers and citizens to provide fresh local produce. BioWillie would help the American farmers as it uses agricultural products as inputs in the manufacturing process, mainly soybeans. The fuel, made from a renewable source, is about 5 to 30 cents cheaper than regular diesel per gallon and provides a slightly higher mileage.¹ It would be better for the environment by reducing toxic emissions and help the farmer communities as well. Realizing America's dependence on high-priced imported fuel and increasing debt, Willie Nelson promoted BioWillie by telling Americans to support their nation and use 'home-grown' fuel that would reduce air pollution levels.

The company doesn't manufacture the fuel, but actively markets and distributes it through biodiesel fuel stations by buying from local farmers that meet international standards. Their services at the truck stops include branded biodiesel and blended biodiesel aboveground tanks for locations with high traffic. They are trying to regionalize partnerships with vehicle manufacturers, biodiesel factories and outlets in the hope to spread BioWillie across a greater area. Their business model is based on 'buy local' and 'sell local' where the partners talk directly to their customers, mainly truck drivers and encourage the use of biodiesel. Willie Nelson's support for the fuel is reflected by his own consumption in his cars and tour buses. Biodiesel has been successfully implemented in hundreds of buses across the Clark County, Deer Valley, Illinois and Virginia School Districts.²

MarketBusting Moves

Willie Nelson has used his popular image to promote biodiesel and has implemented a few marketbusting strategies to increase the sale of BioWillie and expand its customer base:

¹ Customers, Company Website

² 'Biodiesel and School Buses, the perfect Blend is B20'

- #9: Infuse the offering with empathy
- #20: Help Improve Your Customer's Quality
- #35: Build a better mousetrap
- #38: Creating a new niche to win

#9: Infuse the offering with empathy

As a popular singer for several years, Nelson has used his fame to promote the use of an environment-friendly fuel that is produced from a renewable source. Operating as a distributor cuts down their fixed costs of manufacturing or setting up factories to produce the blends. They encourage local farmers and biodiesel factories and use their reach to get the biodiesel to customers. BioWillie sells as an American symbol and persuades American's to adopt domestic fuel and help reduce the high volume of expensive energy imports. Their fuel produces fewer emissions as it is processed from a vegetable source such as soybeans and is thus also renewable. The consumption of BioWillie in turn, becomes more of a social responsibility toward America, and the farmers and a duty toward a cleaner environment which increases its appeal among the consumers.

#20: Help Improve Your Customer's Quality

Biodiesel offers several advantages over the conventional petroleum-based diesel used in vehicles today. It reduces carbon dioxide emissions by 80%, black smoke emissions by 75% and toxic sulfur dioxide causing acid rains by 100%. Since the fuel is based on vegetable matter, it smells better and is more environment-friendly. Biodiesel also offers customers higher mileage and better service for their diesel engines which do not need to be modified for biodiesel consumption. It reduces the 'knocking' noise produced in diesel engines and degrades 4 times faster than petroleum-diesel in case of an oil spill. Having a flash point of ignition twice as high as diesel makes it less dangerous when put in vehicle fuel tanks. Biodiesel also offers distributors the advantage of easier handling and can be used with the existing storage infrastructures.³

#35: Build a better mousetrap:

With the rapidly increasing oil prices, people are turning toward cheaper alternatives such as BioWillie which sells 5 to 30 cents per gallon lesser than diesel. The existence of biodiesel goes back before the formation of Willie Nelson's Biodiesel but it was only popularized after the branded BioWillie by the famous singer, Willie Nelson. The beauty of biodiesel is that the standard storage and handling procedures used for petroleum diesel can also be used for biodiesel. There is no problem mixing biodiesel with diesel fuel in storage tanks or in vehicles. Blending biodiesel with petroleum diesel will actually reduce maintenance costs and increase mileage. Biodiesel can be used in diesel engines, found in most trucks and few cars, without any modification. Since BioWillie provides the drivers a 'bigger bang for their buck' because of a slightly higher mileage, most have readily adopted it.

#38: Creating a new niche to win

Since the company was started in 2004, it primarily operates in the Midwest region but plans to expand further.⁴ They targeted a small segment of the market, mainly the truck drivers that would stop at their truck stops during their long journeys. The Willie Nelson Biodiesel headquarters are therefore located at Carl's Corner truck stop. In addition, since the biodiesel blend cannot be used in most cars that run on petrol it is focused on diesel run engines which are usually the heavier vehicles, buses and trucks. The primary market comprises of the truck drivers at the truck stops that enjoy the communication with the partners and have high fuel consumption in their trucks.

³ Products, Company Website

⁴ Company, Company Website

Key Lessons

Willie Nelson has used his popularity and personality to gather the support of investors, customers, manufacturers and truck drivers to market and distribute a cleaner fuel. The biodiesel has been branded 'BioWillie' and stands to support the American farmers as it is processed from agricultural products, mainly soybeans. The fuel reduces America's dependence on foreign sources of oil as it is cheaper, slightly more efficient and has no switching costs due to its equivalent operational requirements. The timing of BioWillie at a time when oil prices are soaring makes customers more likely to adopt the biodiesel which also reduces toxic emissions. Willie Nelson and partners plan to expand BioWillie beyond the Midwest and are encouraging more biodiesel manufacturers to increase production. His primary market lies with the truck drivers at a small truck stop in Dallas, Texas which is also the company's headquarters and origin. Nelson has managed to successfully secure this segment due to his connection with the drivers.

DRAT Table, Willie Nelson's Biodiesel**SOURCE**

External

Powerful Incumbents	Reaching new markets, creating loyal customers to use BioWillie over other Biodiesel fuels. Creating more biodiesel fuel stations across the nation.
Opposition from advocacy groups	N/A
Risk to key external stakeholders	N/A
Inertia	Continuing to find ways to innovate its product offering and differentiate itself from others. Increasing value by building relationships to serve niche markets better.
Disruption of customer's and system or process	Maintain current customers and attract new segments through their loyal customers and instilling social responsibility to get more people to use biodiesel.
Changes in standards or regulations required	N/A

Internal

Internal political maneuvering	Started by Willie Nelson, has five partners now and is considering expansion outside the Midwest region.
Reluctance or resistance by those needed for active implementation	No switching costs, environment friendly, helps farmers and has thus been quick to adopt and received minimal resistance.
Resource Constraints	Insufficient biodiesel production and fuel pumps in most areas.

Platform changes required

Human resource and skills platforms	Will need more staff with expanding operations.
Logistics platforms	N/A
Distributor platforms	Extending relations with biodiesel manufacturers in order to increase distribution stations.
IT and database platforms	N/A
Technology platforms	N/A
Assets, operations, and systems platforms	Increased interaction between the supply chain links to eliminate bottlenecks and deliver products faster to the consumer.

Marketbusting Kite

Element	Needed to Support the Marketbusting System
Agenda The key things that the critical people spend time on	<ol style="list-style-type: none">1. Commitment to building relations with customers2. Distributing high quality, environment friendly fuel3. Strategic product distribution4. Building their business through new customers, greater adoption of biodiesel
Norms What principles and behaviors are valued?	<ol style="list-style-type: none">1. High quality fuel distribution2. Unparalleled customer satisfaction and service3. Helping American farmers4. Product Safety and spreading brand image
News What information and measures are paramount?	<ol style="list-style-type: none">1. Customer satisfaction2. Market share in the US, segments3. Greater consumption of environment-friendly 'home-grown' fuel
Allocations What gets resourced and how are people rewarded?	Resources go to <ol style="list-style-type: none">1. Relations with biodiesel manufacturers2. Expansion of fuel stations providing BioWillie3. Marketing campaigns to promote BioWillie
Structure Power, authority, responsibility structure	<ol style="list-style-type: none">1. Small company run by 5 partners2. Distribution-oriented operations without any manufacturing reducing costs
History Key routines that have developed and drive activities	<ol style="list-style-type: none">1. Promoted by popular image, Willie Nelson2. Social responsibility added value to product3. Relations with manufacturers, truck drivers, customers

Sources

- Customer, Willie Nelson's Biodiesel at <<http://www.wnbiodiesel.com/customers.html>>. Accessed on August 11, 2005
- 'Biodiesel and School Buses, the perfect blend is B20'. Retrieved: August 12, 2005 from <<http://www.distributiondrive.com/Article21.html>>
- Products, Willie Nelson's Biodiesel at <<http://www.wnbiodiesel.com/products.html>>. Accessed on August 11, 2005
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