

# PRODUCERS' PURCHASING PREFERENCES

by Dr. William Secor

In the "2017 Large Commercial Producer Project," Purdue University asked farmers to rank product performance, price, and supplier relationship when purchasing crop inputs. The result: Most farmers have clear favorites.

Product performance and price are the most important attributes for most farmers when it comes time to buy crop inputs. For different types of inputs, the ranking of these two may change, but both beat out supplier relationship for most buyers.

That said, it's important to note that relationship is still most important for a sizable segment of farmers.

For seed purchases, more than half of crop producers rank performance as most important, followed by price and relationship.

However, just over 20% of farmers ranked relationship most important, followed by price and performance. The third large segment of rankings (approximately 13% of respondents) put price first, followed by performance and relationship.

For crop protection, a similar pattern emerges with the same three rankings representing the largest three segments. The product performance-price-relationship is first with about 45% of respondents choosing this ranking. The next largest segment (22%) ranks price first followed by performance and relationship. Last, just over 15% of respondents ranked relationship first with price second and performance third.

Capital equipment preferences follows the same pattern again with the performance-price-relationship ranking representing the largest segment (about 40%).

Next, price-performance-relationship farmers account for a third of respondents. Finally, relationship-price-performance farmers represent only 10% of respondents.

Fertilizer proves to be an outlier with price and performance playing a more important role. The largest segment of farmers rank price first followed by performance and relationship (39%). The next-largest segment puts performance ahead of price with relationship last (23%). The third-largest segment (17%) puts price first, relationship second, and performance third. This emphasis on price, which is first priority in over half of all respondents, is likely due to the commodity nature of fertilizer.



## CREATING VALUE

This data allows farm suppliers to better create value for farmers by segmenting them. Delivering and communicating the right benefits to the right segments is a win-win for farmers and their suppliers.

On average, across all products, approximately one in five farmers value relationships over price and performance. Just under half of farmers place performance ahead of price and relationship. The remainder (just over a third) prioritize price over performance and relationship.

Shifting gears to dealer and retailer attributes, we see similar patterns. Four areas are important for crop farmers when selecting dealers and retailers: service quality, service availability, past supplier experience, and salesperson relationship.

The most important was service quality, with over half of

respondents ranking it their top priority. Service availability (52% first or second priority) and past supplier experience (39% first or second priority) both rank ahead of salesperson relationship, which comes in fourth with 30% of respondents ranking it first or second.

These results also mesh with responses from a related question in this year's "Large Commercial Producer Survey" that asks why a farmer has changed suppliers. Prices were the most common reason followed by service problems and a change in staff or salesperson. When working with farmers, agricultural dealers and retailers should focus on these attributes as key areas of focus and differentiation.

## NATIONAL CONFERENCE

Be sure to attend the 2017 National Conference for Food and Agribusiness, which focuses on the Large Commercial Producer Project. It runs November 7-8 in West Lafayette, IN. Included will be a discussion of this research and other buyer preference findings related to loyalty and farmer perceptions.

Additional insights will be shared by farmer age, farm size, crop and livestock type, and other key segmentation factors. Learn more and register: <http://tinyurl.com/PurdueNC17>. **AM**

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