

PRECISION SELLING

by Dr. David Downey

The recently released “USDA Ag Census report” on farm consolidation proves what every farm input supplier has known all along: Farms are getting larger. While the rate of consolidation seems to have slowed slightly in recent years, the trend continues in almost every sector of farming. A larger share of all input purchases is made by fewer farmers, making each account increasingly important to suppliers.

What the ag census data does not show is that these farmers’ sophistication, business savvy, and technical prowess have also increased, placing greater demands on salespeople whose job it is to communicate how their companies create real value.

Agribusiness has also experienced recent consolidation. The number of basic input suppliers has decreased and their size has increased. There has been a lot of investment in new technology. While there is a marketing advantage in “building a better mouse trap,” the fact is that in today’s fast-paced world, modern technologies are rapidly imitated or duplicated.

While each product or company has some unique characteristics and advantages, nearly every company offers a set of products, services, and programs that are pretty good. Products and services rapidly become commoditized. Most companies rely heavily on their field sales staff to create and communicate tailored value that matches the unique needs of each customer.

It’s a different dog-eat-dog world out there.

FARMER BUYING DECISIONS

Purdue’s Center for Food and Agricultural Business researches how farmers make buying decisions. In 2017, we released the latest Large Commercial Producer Project, which studied more than 1300 U.S. commercial farmers and ranchers. Several themes stood out as

particularly important for salespeople working in this rapidly changing marketplace.

People management is a big deal for commercial producers. The larger the operation, the more important controlling costs through people management seems to be. How does your product or service impact a farmer’s labor cost?

Outsourcing selected services is popular with producers. For example, many growers will outsource crop scouting, but apply their own crop protection and fertilizer because it is more cost effective and gives them more control.

Livestock and dairy producers favor outsourcing nutrition and veterinarian services. How much time do you spend cultivating relationships with your customers’ key service providers who often are strong influencers?

Risk Management has taken center stage for many farm businesses. While production risks were the most common concern, many other risk categories – market, financial and human – were also on their minds. How can your product or service help your customer manage important risks?

Information and salespeople play a major role in the buying process. Most farmers do not like to be sold. They are running businesses and making business decisions. They expect to buy products and information that contribute directly to their bottom line.

While personal relationships are important, information and how it is delivered is rapidly reforming the meaning of the word “relationship.” Do your customers see you as a person who sells products or as a trusted resource who helps them accomplish what they want to achieve?

Procurement is a major factor in operating a successful farm business. Farmers carefully evaluate every element of value they receive for

their expenditures. This includes establishment of metrics around attributes that are important to them to help quantify what they receive.

How effective are you in demonstrating the real difference that your products, your services and you bring to their farm businesses? How effective are you at helping them justify their preference for doing business with you?

Performance/Price/Relationship: What is most critical? All are important but how important depends on the buyer, business model, and product or service. For example, animal nutrition is very different than fertilizer. Farm equipment is quite different than genetics. Some farmers focus on price, others on relationships. Some emphasize performance. How well do you know your most important accounts and the relative importance of each of these major factors? Do you effectively adapt your approach to each?

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Taking all of these factors into consideration and honing in on key customer accounts is a process the center refers to as “precision selling.” Learn and practice this technique at the upcoming Precision Selling: Building Relationships with Large Farmers program, Aug. 1-2. Learn more and register at agribusiness.purdue.edu/PS-18. **AM**

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