

# KNOWING YOUR CUSTOMER

by Michael Gunderson

In the world of agribusiness, knowing your customer base is more important than ever – especially when your customer base includes the complex operations run by today's large-scale commercial agricultural producers. That's where the Large Commercial Producer Project research from **Purdue University's Center for Food and Agricultural Business** can play a lead role.

The results of the 2017 LCP Project are now available on the center website at *agribusiness.purdue.edu/lcp2017*. A themes report offers a summary and overview of the research data. Also available are data sets presented in slide format and divided by crop producers and livestock producers.

## DWINDLING CUSTOMER BASE?

I often hear agribusiness professionals lamenting that their customer base is dwindling, but for those working with these large operations, that's simply not true.

In the 1990s when Purdue first launched the Large Commercial Producer Project, the U.S.

**Department of Agriculture's** Census of Agriculture reported that there were 15,890 agricultural producers with annual revenues above \$1 million and 1,838 with revenues above \$5 million.

The most recent census (2012) identified 79,225 farms with annual revenues above \$1 million and 8,499 above \$5 million. That's substantial growth for those agribusinesses targeting large-scale producers.

Just like agricultural producers have evolved since the 1990s, so has the Large Commercial Producer Project. It is well known throughout the industry for helping agribusiness professionals understand the mindset of the commercial producer.

The project is based on a survey of producers themselves and it explores how their fundamental attitudes impact their buying decisions.

These attitudes and their resulting behaviors have important implications for the way agribusinesses market and sell to commercial producers. And at a time when retailers know they need to bring deeper value than just a product, this research has become increasingly important.

## THEN AND NOW

Much of the project's history is grounded in agricultural sales and marketing, as the center's first Director, **Dave Downey**, is an expert in the area of sales.

As the number of interested faculty grew, so did the scope of the project. Involvement from industry partners helps us to improve the project, keep it timely and ground our questions in the reality of the marketplace.

Over the years, we have added questions about producer strategy and risk management. We include questions that help us understand the perception of value differences among brands and suppliers. We also ask about producer loyalties.

In the latest iteration, the project focused heavily on understanding producers' buying and procurement processes, from initial information collection, to working with a salesperson, to follow-up service and the connection to farm success.

This time around, the project looks at how producers evaluate many product and service attributes in addition to price. The overall themes are:

- Producer strategies
- Perceptions of risk
- Information and salespeople
- Procurement processes
- Buying preferences

The results are also broken down for crops and for livestock, and they include responses from producers of corn/soybean, wheat/barley, cotton, fruit/vegetable, dairy and cattle – all to help you to better serve that

ever-evolving and growing base of large-scale commercial producers.

Learn more about the Large Commercial Producer Project and download the 2017 results at *agribusiness.purdue.edu/commercial-producer-survey*.

Attendees of the 2017 National Conference for Food and Agribusiness receive a discount on purchasing project results. Contact **Masi Keshavarz**, research project manager at 765/496-3385 or *mkeshava@purdue.edu*. **AM**

*Michael Gunderson is Associate Director for the Center for Food and Agricultural Business. He can be reached at [mgunders@purdue.edu](mailto:mgunders@purdue.edu).*

