

BRAND LOYALTY AMONG AG PRODUCERS

by Dr. Anetra Harbor and Maud Roucan-Kane

Building a strong brand and subsequent brand loyalty is no easy task for agri-marketers for two main reasons. First, the customer base for the agricultural input supplier is continuously evolving because of structural change occurring within the agricultural sector. Second, rapid technological advancements create frequent introduction of new products.

The task of building loyalty can be made a little easier for agribusiness marketers who understand the purchasers of their products. Research at **Purdue University** has been conducted to help agri-marketers in this effort. Using the responses from 2,100 producers who completed a survey, Purdue researchers created a profile of a branded producer.

PROFILE OF A BRAND LOYAL PRODUCER

Well over half of survey respondents (58%), expressed loyalty to the branded capital inputs, such as the equipment and machinery that they buy. About 39% of producers reported that they considered themselves loyal to the brands of expendable inputs, such as fertilizers, feed, and seed. A common theme among producers who identify themselves as loyal is that they believe branded input prod-

ucts are differentiated from one another and that brands perform better when compared to generic products. They were particularly interested in the non-price characteristics of branded products such as performance, service, and maintenance. Loyal respondents placed a higher value on information from media sources, including print, magazine, radio, and farm shows, than producers who did not exhibit loyalty.

CAPITAL VS. EXPENDABLE INPUT BRAND LOYALTY

Other characteristics were identified that distinguish capital loyal producers. Corn and soybean producers tended to more often report loyalty to branded capital input items. This is expected, since the production of these grains is very capital intensive. Producers who attended high school but did not obtain a diploma exhibited the greatest loyalty for capital inputs.

A different set of factors was found to determine expendable brand loyalty. Reporting a lower-than-average level of annual sales and being older than 54 years of age are factors that more often tend to indicate brand loyalty for expendable inputs. Producing cotton and placing orders for agricultural inputs and products online are both indicators of non-loyalty for expendable inputs. Online ordering is an indicator that these producers value convenience and have the ability to easily shop around and compare prices on the Internet.

IMPLICATIONS FOR AGRIMARKETERS

What does this mean for agribusinesses that supply farm inputs? The survey shows that brand differentiation, media exposure, and brand performance directly affect brand loyalty. These issues can be directly addressed by agribusinesses seeking to build brand loyalty while operating in an evolving market environment.

As a practical application, market- ing managers can use the characteris-

tics highlighted above to identify loyal customers and subsequently can develop two strategies: one for loyal customers and one for those who do not fit loyal profiles. For example, a strategy to build brand awareness and to disseminate information about brand attributes would be useful when directed toward producers who do not fit the loyal profile.

A strategy to maintain loyalty — repeat purchase discounts, for example — would be more useful when geared towards those customers that are loyal.

In addition, marketing strategies for loyalty should continue to focus not on price but on the value that commercial producers can obtain through product quality and service. Providing relevant information through mainstream media channels is one means of communicating these facts and other related information.

Marketing strategies should also vary between capital inputs and expendable inputs. Expendable inputs, for example, require less of an investment and are typically for short-term use. Younger farmers, who are least likely to be loyal to expendable inputs, may try a number of brands before settling on one that they find acceptable later in their career. Agribusinesses should focus on brand awareness and on highlighting brand benefits with this group. On the other hand, capital inputs usually require large, long-term financial commitments, and farmers operating capital intensive operations are expected to exhibit greater loyalty associated with factors such as service and performance. **AM**

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