

# A Sketch of Today's Seed Buyer

Results from Purdue University's Large Commercial Producer Survey indicate what today's seed buyers want, need and prefer.

**T**HEY'RE LOYAL TO SPECIFIC SEED BRANDS. They value multiple product and service factors. They make purchase decisions with little input from others. They don't shop for the lowest price. They want stronger relationships with seed companies.

These are all characteristics of today's seed buyers, according to Purdue University's 2008 Large Commercial Producer Survey. The nationwide study, conducted every five years by Purdue University's Center for Food and Agricultural Business, asks producers to describe their buying behaviors and preferences for seed, chemical, fertilizer, animal health, feed, capital and financial products.

Professor Allan Gray, along with other Purdue agribusiness faculty and industry experts, unveiled the survey results and implications at the National Conference for Agribusiness, held November 18-19, 2008, at Purdue University in West Lafayette, Indiana. More than 300 agribusiness professionals gathered to learn what producers had to say about their farm management practices and preferences for brands, distribution, product and service attributes and marketing and sales approaches.

Speakers highlighted producers from three segments of the seed industry during the conference – corn/soybeans, wheat/barley/canola and cotton. Within each segment, the producers

fit into a size category – mid-size, commercial or large – based on the number of acres they farm (see Table 1). Mid-size producers generate less than \$750,000 in sales for one commodity, while commercial farmers report sales of more than \$750,000. Producers are considered “large” if they’re within the top 15% of the commercial segment.

Table 1: Defining Farm Size

Farm type	Mid-size	Commercial	Large
Corn/Soybeans (acres)	380-1,499	1,500+	4,600+
Wheat/Barley/Canola (acres)	380-3,499	3,500+	8,000+
Cotton (acres)	280-1,099	1,100+	3,000+

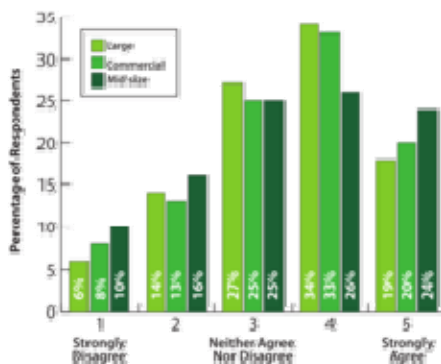
Using their data analysis, researchers uncovered themes that will help seed providers better understand and target commercial producers.

### They’re Loyal to Brands and Suppliers

Gray added a question to this year’s survey asking producers their opinions on branded seed products. The results indicate that seed buyers view each brand of seed differently and are extremely loyal to their brand of choice. In general, producers disagreed with the perception that most seed brands are more or less the same, with larger producers disagreeing more than smaller ones.

Cotton growers tend to perceive more differences between brands than wheat/barley/canola farmers. Farmers under 35 years old and those 65 or older, along with high-growth producers (those expecting to grow more than 50% in size over the next five years), also perceive more differences among brands of seed.

The results also indicate that producers have strong brand loyalty, with small producers being slightly less loyal (see Figure 1). Wheat/barley/canola farmers consider themselves less loyal when compared to corn/soybean and cotton producers. Farmers 35 years old or older and high-growth producers also express less loyalty to brands than others.



Average (Large: 3.45); (Commercial) 3.44; (Mid size) 3.38)  
\* Significantly different at p<.05

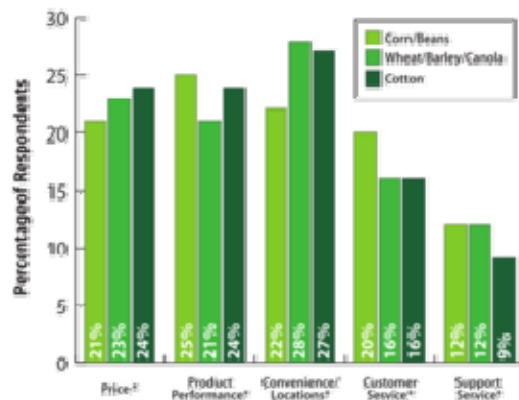
Figure 1: I consider myself loyal to the brands of seed I buy by size\*

Producers also shared through the survey that they remain loyal to their primary local seed supplier, with producers under 35 years old and cotton growers being the most loyal.

“There’s a clear theme in the results that producers are worried about maintaining their local connection in distribution,” Gray explains. “They want a local supplier to make sure fulfillment happens, and they’re willing to pay slightly more to buy from a locally owned supplier.”

### They Value Multiple Product and Service Factors

It’s important for seed retailers to understand what influences producer’s seed purchase decisions. While taking the survey, producers assigned 100 points across five factors they consider when making decisions: convenience/location, product performance, price, customer service and support service. Generally, producers prefer a balance between price, performance and convenience. Corn/soybean producers are more interested in product performance than convenience/location (see Figure 2), while farmers 65 years old or older are mostly influenced by convenience/location compared to other producers.



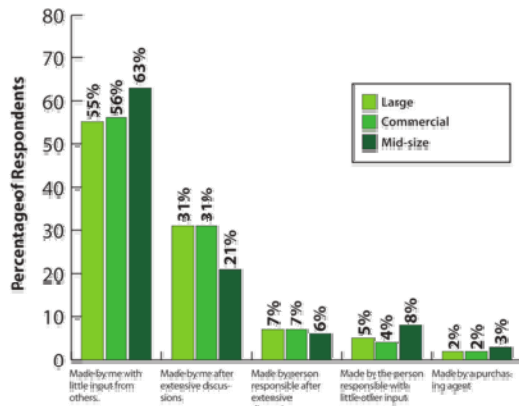
\* Significantly different at p<.05

Figure 2: How seed purchase decisions are influenced by enterprise\*

### They Make Purchase Decisions With Little Input From Others

As to the process farmers use in choosing seed, a majority make purchasing decisions with little input from others; this is particularly the case for small farms (see Figure 3). When compared to other segments, cotton growers and high-growth producers are more likely to make seed selection decisions on their own, as well.

The Purdue Center for Food and Agricultural Business offers several seminars and conferences for industry professionals. Covering topics that address the distinctly different needs of managing in today’s volatile business environment, emphasis is placed on sales and marketing, agribusiness management and international development and trade. For a full listing of seminars and conferences visit [agecon.purdue.edu/cab/programs/](http://agecon.purdue.edu/cab/programs/).



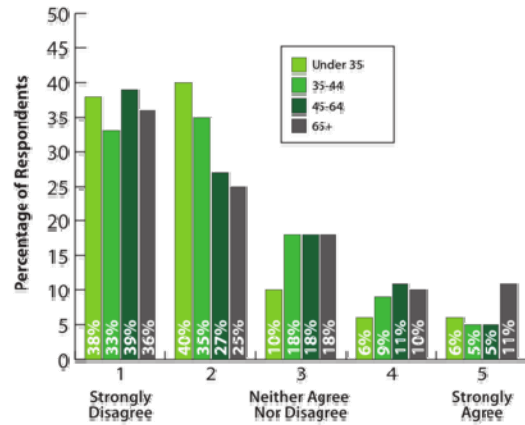
\* Significantly different at  $p < .05$

Figure 3: Which of the following statements best describes the way in which seed purchasing decisions are made on your farm by size\*

### They Don't Shop for the Lowest Price

It's easy to assume that producers will pick the lowest-priced seed when making their purchases. According to the survey results, that assumption would be incorrect. A low-priced product doesn't automatically translate into a sale with this customer. Specifically, corn/soybean producers and those older than 35 are less likely to buy the lowest-priced seed (see Figure 4). High-growth producers express less interest for the lowest price, as well.

"Producers want the best price, not necessarily the lowest price," Gray explains. "They expect to get what they pay for,"



Average: (Under 35:2.81); (35-44:2.17); (45-64:2.14); (65+46:2.35)

\* Significantly different at  $p < .05$

Figure 4: When buying seed, I usually purchase the lowest-priced products by age\*

### They Want Stronger Relationships With Seed Companies

Producers, particularly larger ones, desire more direct relationships with seed companies in the next five years (see Figure 5). Cotton growers, those under 35 years old and those 65 and older are particularly interested in direct relationships. They also have a certain set of standards when working with seed salespeople.

"Salespeople need to be honest," Gray says. "And, they had better be technically competent. These producers don't want someone who just keeps calling. They want someone who calls when there's something valuable to say."

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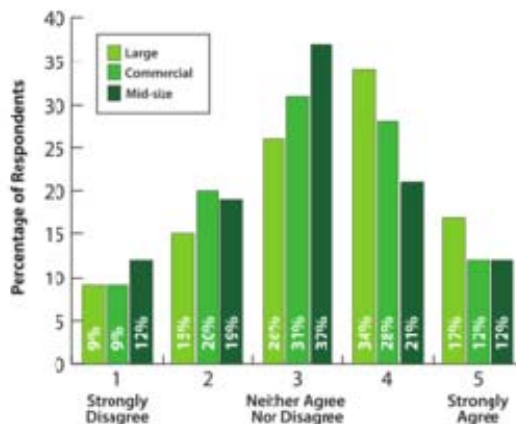
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Average: (Large: 3.35); (Commercial: 3.12); (Mid-size: 3.00)  
\* Significantly different at p < .05

**Figure 5: In the next five years, I want a more direct relationship with seed companies by size\***

### Serving This Customer

Ultimately, seed buyers want a balance of product performance, price and convenience. And, they want that value bundle to come from a salesperson who respects their time and can answer all of their questions. While they don't need other people to help them make decisions, they want to build a strong relationship with their seed representative to gather the information they need to make those decisions.

Seed companies can use the knowledge gained from this year's Large Commercial Producer Survey to better serve their current customers and create strategies to expand their client base. Companies that are looking to differentiate themselves should continue to focus on delivering value through product performance, competitive pricing strategies and stronger relationships.

More information about the survey and its results are available from Purdue University's Center for Food and Agricultural Business. Contact Megan Sheridan, the center's marketing manager, at [msheridan@purdue.edu](mailto:msheridan@purdue.edu) or (765) 494-8151 to learn more.

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