

Product brand may matter to commercial producers

By JAY AKRIDGE and ALLAN GRAY

For any given agricultural input, producers are often faced with an array of choices. These choices may include a variety of branded, private label and generic products. Deciding which product to purchase depends, in part, on their perception of the differences that exist between these alternatives.

Suppliers developing marketing programs need to understand producer attitudes toward branded and generic (unbranded or private label) products. Those suppliers looking to build a brand should understand the differences in the attitudes and buying behaviors of brand-loyal producers relative to those of producers who are less focused on brand in the purchase decision.

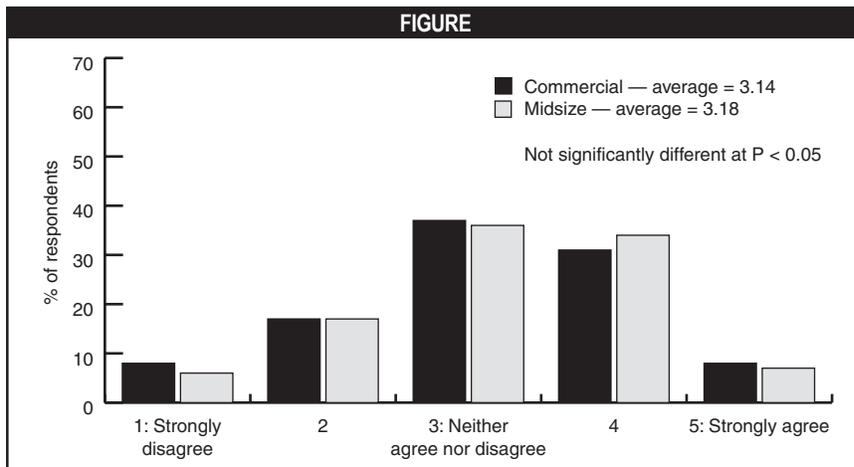
To help agribusinesses gauge their own understanding of producer attitudes, Purdue University's Center For Food & Agricultural Business conducts a comprehensive survey of commercial agricultural producers every five years. In spring 2003, approximately 2,300 mid-size and commercial crop and livestock producers from across the U.S. completed a questionnaire exploring how their farm business is changing and their needs from agricultural input suppliers.

As part of a series presenting key findings from the survey to *Feedstuffs*' readers, this article will explore some of the attitudes commercial producers have about branded, private label and generic products. We'll also provide some implications for marketers to consider as they develop their product strategies.

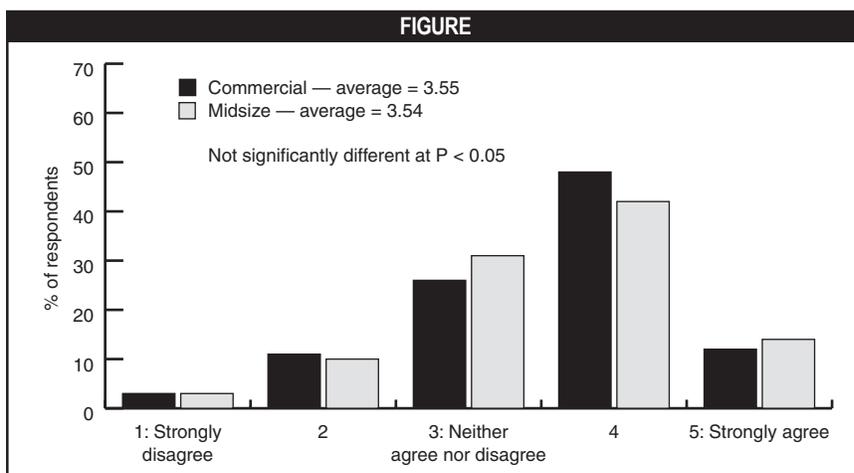
Some results

Overall, respondents reported sub-

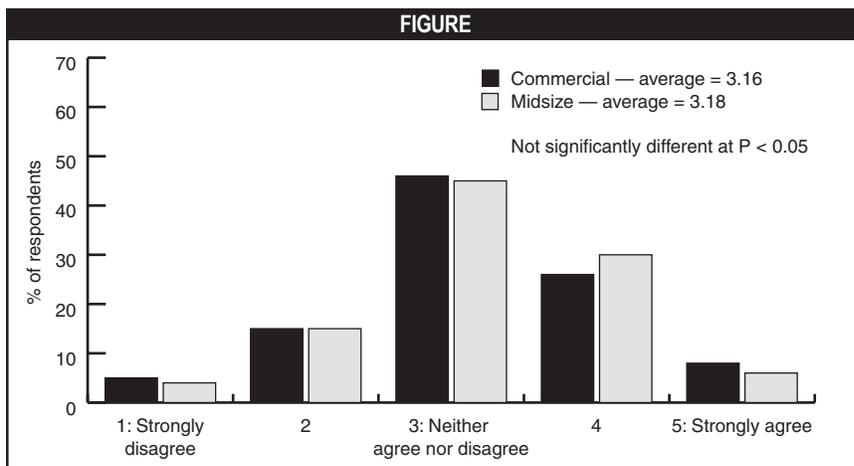
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1. Loyalty to expendable brands by size class.



2. Loyalty to capital brands by size class.



3. Attitude toward generic expendable items by size class.

stantial differences between different brands of both capital (tractors, livestock handling equipment, etc.) and expendable (feed, animal health, seed, fertilizer, etc.) products. Also, producers reported more differences between brands of capital items than between brands of expendable items. Some of this difference between capital items and expendables may be due to the broad nature of the two categories.

Expendables encompass a wide variety of branded (animal health products, seed, crop protection chemicals, etc.) and unbranded (fertilizer, some fuel, some feed ingredients, etc.) products. Brands would be more typical when purchasing capital items, especially for crop producers. When asked specifically about brands of capital items for crop production, more than one-half of the respondents felt there were substantial differences in features and performance across the major brands.

This perception of brand differences is reflected in purchasing behavior, though more for brands of capital items than for brands of expendable items. Overall, respondents said they had more loyalty to capital brands than to expendable brands. For expendable products, about 40% of the commercial producers responding considered themselves loyal to the brands of expendable items they purchased while 60% of the commercial producers considered themselves loyal to their brands of capital items (Figures 1 and 2).

Among crop and livestock producers, crop producers were more likely to be loyal to capital brands than livestock producers. Some 67% of the commercial crop producers indicated that they were loyal to the brands of capital equipment they buy, while the figure was 55% for

commercial livestock producers.

Generic (unbranded or private label) products often offer an alternative to branded expendable items. Just less than one-third of the commercial producers (32%) said they thought branded expendable products offered a higher level of performance relative to generic (unbranded or private label) products. However, almost as many (26%) disagreed, with no significant difference between midsize and commercial producers.

When asked about the value of generic products, however, more than one-third of the respondents agreed that generics represented a good trade off between price and performance. Some 45% of the respondents neither agreed nor disagreed with this statement, indicating that for many producers the choice between brands and generics depends on the specific product in question (Figure 3).

For many input suppliers, developing and maintaining brands is a fundamental element of their marketing strategy. To better understand brand-loyal customers for expendable products, respondents were divided into two groups: one group that indicated they were loyal to the expendable brands they purchased and one group that was neutral on brands or indicated they were not brand loyal.

Approximately 38% of the commercial producers considered themselves loyal to their expendable brands. This did vary by type of operation, with the most loyal group being wheat/barley/canola (49% brand loyal) and corn/soybean producers (43%) and the least loyal groups being cattle (32% brand loyal), cotton (33%) and dairy producers (33%).

Brand-loyal respondents tended to be older than non-brand-loyal producers.

Almost four out of 10 (39%) of the brand-loyal producers were 55 or older compared to only 30% of those not brand loyal. However, there were no other demographic differences (education, gender, farm size or farm demographics) between brand-loyal producers and those not brand loyal.

As might be expected, brand-loyal producers see more differences across brands than those who are not brand loyal. Brand-loyal producers were also less likely to expect to be buying more generics in the future and more likely to agree that branded products offer better performance than generics. Overall, brand-loyal producers did not think that generics offered good value for their money.

Implications

For many producers, brands clearly play an important role in their input purchase decisions. This is especially true for capital items. More than one-half of the responding producers disagreed that all brands are the same. Many producers who see these differences were likely to be loyal to their specific brands and less likely to buy generic products or to buy primarily on price.

The challenge for suppliers, then, is to clearly position the value of the brand to targeted producers. It is also important to recognize that younger producers and larger producers place less importance on brands and are more open to considering generic (unbranded or private label) solutions.

Producers of branded products, especially expendables, will need to work even harder to build brand equity with these groups. Alternatively, producers of generic products will find an audience willing to listen to their message.