

AGRI-MARKETERS TO PROFIT FROM COMMERCIAL PRODUCER SURVEY

by Dr. Allan Gray

Agri-marketers can better understand the changes occurring with large commercial producers' businesses and what they want from their agricultural input suppliers by exploring results from the 2008 Large Commercial Producer Survey.

Conducted by Purdue University/Farm Progress

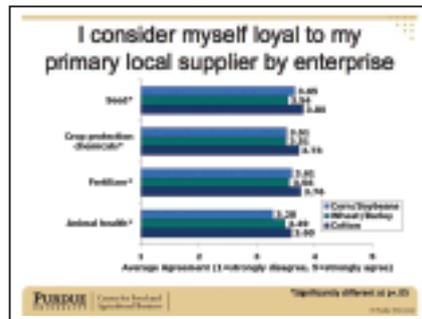
Companies every five years, about 2,500 producers from across the U.S. participated in the survey. The project targets farmers with \$750,000 in annual gross sales in a particular enterprise and delves into seven segments — corn/soybeans, wheat/barley/canola, cotton, fruit/nut/vegetable, swine, beef and dairy.

Researchers at Purdue's Center for Food and Agricultural Business are analyzing the data and finding useful information for agri-marketers.

SLOW GROWTH EXPECTATIONS

Despite the record profit potential for row crop and small-grain farmers, respondents are surprisingly conservative about their plans for growth. In past surveys, corn/bean producers have anticipated 30% to 40% growth over a five year period. This year, these producers indicate plans to only grow by about 18% over the next five years. Obviously, pork producers anticipate the slowest growth, but interestingly, the largest pork operations expect the fastest growth rates of any segment in the survey.

Figure 1. Average Producer Rating for the question "I Consider Myself Loyal to My Primary Local Supplier of [Expendable Product]."



WHO THE INFLUENCERS ARE

Local dealers and other farmers continue to emerge as the most important off-farm influencers of input purchase decisions. Local dealers were the most important off-farm influencers for capital inputs, seed and crop protection chemicals. This ranking is similar to the 1998 and 2003 results, which testifies to the strength of the agri-marketing channel's role in serving these producers.

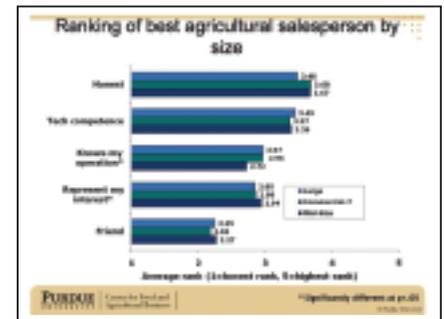
DESIRE FOR CONVENIENCE

Survey results suggest a substantial increase in the weight producers place on convenience/location when choosing their primary supplier. Regardless of product, producers consistently gave convenience/location at least 20 to 25 points on a 100-point scale in terms of importance in their decision. In many cases, this factor rated higher than price and product performance.

MIXED PRODUCER LOYALTY

More than half of producers consider themselves loyal to their primary local supplier of seed and crop protection chemicals (see figure 1). However, 57% of corn/bean and 51% of cotton producers consider themselves loyal to their primary brand of seeds. And, only 38% of corn/bean and 40% of cotton producers consider themselves loyal to their brand of crop protection chemicals.

Figure 2. Average Producer Rating for the question "Rate the Following Characteristics for the Best Agricultural Salesperson You Know."



TRUST AND HONESTY RANK HIGH

Commercial producers ranked trust at a 3.5 on a five-point scale and honesty at 3.45 when asked about the characteristics of the best agricultural salesperson they know (see figure 2). These two stand out as the most highly ranked characteristics in the list.

COMPLETE RESULTS UNVEILED

Agri-marketers can hear complete survey results at the National Conference for Agribusiness, set for November 18-19 at Purdue University in West Lafayette, IN. Faculty and industry experts will explore topics such as the changing characteristics of commercial producers, serving multiple market segments, branding, building value, channel management, servicing producers operating above the \$750,000 mark, key account management and innovative customer solutions.

National Conference for
Agribusiness

November 18-19, 2008

Featuring the 2008 Large
Commercial Producer Survey

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