The seed corn industry: marketing strategies for small share players

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The seed corn industry:
Marketing strategies for small share players

by

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Signatures have been redacted for privacy
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CHAPTER 1

INTRODUCTION

The success of seed corn giants such as Pioneer Hi-Bred, Dekalb Genetics, and Northrup King has been well tracked and documented by industry analysts. Their overall market share in the United States, in relation to smaller, independent or family-owned seed corn companies, continues to rise yearly. In this study, the definition of a smaller, independent seed corn company (SISCC) is one in which accumulative seed corn sales are less than 100,000 units/bags per year. Much of this sustained growth is due in part to extensive marketing and research programs. They test more varieties/hybrids which in turn increases the odds of developing a hybrid with better characteristics than what is currently available on the market. For example, Pioneer Hi-Bred probably has access to the most advanced research personnel and facilities. Their share of the U.S. seed corn market is approximately 48%, or four times as large as the second largest seed corn company, Dekalb Genetics. Their annual research investment topped 90 million dollars in 1993. This was spread among approximately 100 research stations. Their seed corn is expensive. So far, corn growers have been willing to pay for their seed which for the top hybrids is now approaching $100 per bag. The primary reason seems to be consistently high yields yearly at harvest time [1].

The seed corn industry can best be described as a mature industry. In order to increase market share, a company must induce a corn producer to use their seed, versus using another company’s seed. To focus upon producers who are new to farming as a way of increasing market share is simply not feasible due to the low number this group represents. The climate
previously depicted is bright for the upper echelon seed corn companies who have the dollars at their disposable to research and market extensively. Beyond the upper echelon of seed corn companies, the information outlining research and marketing activities of smaller seed corn companies, available to the public, tapers off dramatically. The purpose of this study is to focus upon the smaller seed corn companies who sell less than 100,000 units/bags of seed corn per year. In the face of the competition previously described, can their future best be described as uncertain, secure, or a mix of both?

The American Seed Trade Association (ASTA) has some 540 seed companies of all sizes among its membership. In addition, there are still more local and regional seed companies that do not belong to the ASTA. The total number (estimated) which do business in the United States approaches 740 seed companies. While not all of the 740 seed companies offer seed corn in their product line, the number who do is approximately 300-325 [2].

Many analysts who follow the seed corn industry believe by the turn of the century there will be 12 to 15 very large seed corn companies who by themselves will comprise 95-98% market share within the industry. They will have significant research budgets, particularly in microbiology and genetic engineering activities [3].

In 1989, a group was established calling itself the Independent Professional Seedsmen Association (IPSA). This association of 127 independent, typically independent and/or family-owned seed companies is attempting to maintain its share of the estimated 4.1 billion dollar seed business, much of which is derived from seed corn. According to Channing Sieben, President of IPSA's leadership board, “Without IPSA, we may witness the elimination of the family seedsmen in our industry”[2].
In the Midwest, the attention is targeted towards the giants of the seed corn industry with little regard given for the SISCCs whose sales territories may cover as little as 2-3 counties.

To many familiar with the seed corn industry, the foregone conclusion is that over time these smaller independents will lose further market share to companies such as Pioneer Hi-Bred, Dekalb Genetics and Northrup King [4]. If that is indeed the future for SISCCs, then the future is not bright. If the key to growth is simply who has the most money and research capabilities, then the large will prosper and the small will perish. For SISCCs, the key to maintaining or increasing market share is effective marketing. The key to survival lies in a good marketing strategy which is continually updated and tailored to suit the current operating environment. They are betting their future that a portion of the corn grower audience can still be won over by lower seed corn prices, superior one-on-one service, convenience of seed corn supplier and other marketing intangibles [5].

Purpose of the Study

This study is designed to:

1. Identify the purchasing criteria and examine the importance of the identified purchasing criteria used by corn growers when purchasing seed corn.

2. Identify the different areas of marketing emphasis of SISCCs.

3. Compare the purchasing criteria exhibited by corn growers to the different areas of marketing emphasis of SISCCs.

4. Offer suggestions to SISCCs, based upon the research completed, on how to tailor effectively their current marketing strategy to best suit the corn grower audience of today.
Little research has been accomplished in the area of SISCC’s marketing strategy. As previously mentioned, the focus to date has been upon the industry leaders. Even then, the strengths and marketing plans are not well defined. This is a competitive industry and marketing plans are heavily guarded.

Whether fair or not, perception plays a large role in this industry. Many corn growers equate large company size with superior product performance. Year in and year out, many SISCCs stack up very well in independent, side-by-side test plot comparisons. Typically, their seed can be purchased at a much lower price than the major seed corn companies [5].

Many SISCCs are looked upon by corn growers as having: limited access to genetics, limited or out-dated facilities, poor technical support, and an inferior product to name a few. A good marketing strategy should focus upon areas which can combat this poor perception in the minds of some corn growers. This includes: product performance, lower prices, friendly service, and convenience of supplier location.

Significance of the Study

The study is intended to serve three basic functions. First, it is intended to provide feedback to smaller, independent or family-owned seed corn companies (SISCCs) so they may assess their own marketing areas of emphasis. Are their marketing areas of emphasis compatible with the results of this study? By having the results available to them, current marketing strategies can be revised or updated. Second, this study is relevant to the farm management profession. Farm managers are responsible for deciding the cropping inputs, including seed corn, to be used on a great number of absentee landowner farms. For example, it is their responsibility to place the most productive seed corn at the most
economical price on every farm they manage. The findings of this study should help them understand the marketing strategies of SISCCs and not be swayed by perception, as previously discussed.

Finally, the study is intended to add knowledge to the field of agribusiness. Many smaller seed corn companies do not have the time nor resources available to conduct their own study of this nature. For example, the Independent Professional Seedsmen Association was formed for this purpose: “to identify marketing methods, which by themselves they would not be able to accomplish.” Seeing firsthand the importance of this study, technical assistance was provided freely by this organization. In addition, agronomic personnel of Seed Science, Iowa State University, seconded this importance and also provided valuable technical assistance. Hopefully, this study will contribute to the continued operation of many SISCCs.

Overview of Thesis

Chapters 2 and 3 of this thesis include a literature search regarding the subject material. Chapter 2 begins with a discussion of creating value for the customer and the components which make up the purchasing decision. Next, the three rings of perceived value are studied to better understand what is important to the customer when purchasing. Finally, the different types of customers are analyzed so a marketing strategy can be tailored around an individual segment of customer versus a generic blanket strategy.

Chapter 3 explores marketing strategies for small share players such as seed corn suppliers. Topics such as: offering better service to the customer, product pricing, importance of promotion, product distribution, and the key ingredient in the marketing mix, people, are discussed. By providing an overview of each component, hopefully the reader
will analyze his/her own marketing strategy for weaknesses and attack the area(s) which need improvement.

In reviewing the methodology, Chapter 4 includes definition of terms, sources of data, method of analysis, and a discussion of the thesis research questions. Concluding the chapter are potential delimitations.

Chapter 5 presents the results of the study. The data are analyzed and grouped for comparison by way of tables and graphs.

Chapter 6 begins with implications and the significance for practitioners, the field of agribusiness, and researchers. Limitations of the study are discussed. The thesis concludes with recommendations for further research.

Notes


CHAPTER 2
UNDERSTANDING CUSTOMER DECISION-MAKING

“A business is not defined by the company’s name, statutes, or articles of incorporation. It is defined by the want the customer satisfies when he buys a product or service. To satisfy the customer is the mission and purpose of every business. The question, ‘What is our business?’ can, therefore, be answered only by looking at the business from the outside, from the point of view of customer and market” [1].

Helping the Customer Understand Value

Customers make decisions based upon their perceptions of value. The key words being “their perceptions.” A product does not have value until the consumer chooses to place value upon it. According to Gale, quality includes all the non-price attributes that count in the purchase decision. This includes both the attributes of the product itself and the associated customer service. Much of this involves selling value to your current and potential customers. For example, a SISCC may produce a hybrid with productive traits similar to Pioneer Hi-Bred’s top hybrid, but it does not become a value to the customer until the customer believes it is similar to Pioneer Hi-Bred’s top hybrid. Gale goes on to say,

“the proper goal is to achieve superior quality in areas that matter to the customer, together with a cost structure no higher than that of lower quality competitors. Then, astute managers communicate their products’ most valued advantages through advertising and other marketing communications. When the customer perceives the quality and the exceptional value offered, an increase in market share should follow” [2].
Model of Brand Selection

- Customer buys on value.
- Value equals quality relative to price.
- Quality includes all non-price attributes that count in the purchase decision: product and customer service.
- Quality, price, and value, are not absolute, but relative to competitors.

Figure 2.1: Model of Brand Selection


Figure 2.1 outlines this process. The customer buys on value. Value equals quality relative to price. Quality includes all non-price attributes such as product and customer service that are important in the purchase decision. Finally, quality, price, and value are not absolute, but relative to competitors [2].

Jim Clemmer, author of Firing On All Cylinders, has some interesting thoughts pertaining to perceived value. He sees real value present “only when it is perceived as value by the customer. No matter how strong a researcher, engineer, or salesperson might be about the technical attributes of the product, if customers do not understand or appreciate the features in terms of what is important to them, the attribute can not be considered as value.” The customer almost always defines value. Understanding what customers value is an important ingredient in successful marketing [3].
Figure 2.2 - Three rings of perceived value


Clemmer developed the three rings of perceived value to better explain how and why customers purchase in the manner they do. The first ring includes only the physical product. The example of a combine is used. The physical product is important. Unique design and special features can offer important benefits to the customer. If the product features are unique in order to differentiate the product and are important to the customer, then a marketing strategy can be built around the physical product. In the case of a combine, this is not the case. There is perceived product parity between alternative products so building a marketing strategy around product alone is usually not sufficient. The second ring provides some support services. Usually these are minimal and designed to meet the customer’s
minimum expectations. For the combine, this might include set-up, delivery, and a limited warranty. At a minimum, customers expect to have the first and second rings provided to them when they make a purchase. Many past and present manufacturers of products have and do quit after the first two rings, but to succeed in today’s agribusiness environment the customer’s expectations must be exceeded. This is where the third ring comes into play. To win today, you have to delight and astound your customers.....their expectations must be exceeded. Third ring additions are not necessarily costly. Enhanced services are usually small features or personalized services. But because they exceed customer expectations and strike a pleasant chord within the customer, a very positive customer reaction is created [3].

For the combine example, a third ring addition might include a 24-hour hot-line with parts guaranteed to be delivered within 12 hours. In addition, an unsolicited visit by a service representative to check out the combine and make sure there are no problems could be included. Or it could be as simple as a phone call after harvest is complete to see how the combine has performed [3].

Many times customers want to try a particular product, but for a variety of different reasons they do not buy. Understanding why customers do not purchase is very important. By understanding this concept, we are in a better position to understand buying itself. The want for the product may be latent, passive, or exclusionary. If the want for a product is latent, the want lies dormant until awakened as to what the product can do for them. The want is passive if the customer is aware of the product’s potential benefits, but are inhibited from buying due to an assessment of benefits or costs. Finally, exclusionary reasons for not buying include ethical or legal reasons, or simply peer pressure (see Figure 2.3).
Latent Wants
- Unaware of connection between product functions and goals
- Unsure of best ways to express goals via product purchases

Passive Wants
- Inhibitions based on price
- Inhibitions based on false beliefs
- Inhibitions based on doubts about product benefits
- Inhibitions based on social attitudes toward producer

Excluded Wants
- Authority based
- Promise based
- Enabling conditions lacking

Figure 2.3 - Wanting without buying


Latent wants - Consumers may know about a product, but lack an understanding of either the product’s function(s) or the significance of the function(s) for achieving their goals. A product may have many uses that remain unknown unless they are advertised. Next, consumers may understand a product’s function, but their potential want remains dormant until they feel the product fits into their goals [5].

Passive wants - All buying can be seen as a trade-off between approach factors (attractions) and avoidance factors (costs). Avoidance factors either inhibit the purchase altogether, or at the very least, reduce buying enthusiasm. Consumers with a passive want for a product are fully aware of the product and its potential benefits, but they are convinced the avoidance factors outweigh the approach factors.

Excluded wants - These wants are exhibited the least among consumers as to why they are not purchasing a particular product, but still make up a small share of “reasons not to buy.”
This may be as simple as a promise to a neighbor who sells brand X product not to purchase from another neighbor who sells brand Z. Or it could be a consumer will not purchase a product due to ethical or legal reasons. Exclusionary reasons for not buying a product have nothing to do with buying goals [7].

**Moving the Customer Towards a Purchasing Decision**

The entire purchase decision process can be thought of as a hierarchy whereby a firm must move its customers. Based on the purchase decision process, the key phases are:

**Segment 1: First time prospects** (see Table 2.1) - These are accounts who are looking around at different vendors, but have not yet purchased. The dominant theme of this group is “take care of me.” This group of customers is interested in a sales representative who: knows their business, is honest, can communicate effectively, has been in business for awhile, and has a high level of training. The sales representative’s product knowledge and service is secondary.

**Segment 2: Novices** (see Table 2.1) - This group of customers has purchased the product for the first time within the last three months. The dominant theme is “help me make it work.” They want: easy to read manuals, support hot lines, a high level of training, and a sales representative who is knowledgeable about their products and services. An honest sales rep. and one who knows the customer’s business is less important for the novice group of buyers.

**Segment 3: Sophisticates** (see Table 2.1) - These customers have purchased the product before and are now ready to purchase again, or could have recently purchased. The dominant theme is “talk technology to me.” The benefits sought from this group are: speed
in fixing problems, products customized to meet their existing needs, and post-sales and technical support. What’s less important is: training, easy to read manuals, and having a sales representative who can communicate effectively. “It is only when Novices become Sophisticates that sales efforts prosper in the long run” [8]. A few of the problems encountered by each buyer/customer segment are as follows:

The “few prospects” scenario - in this scenario sales are lagging because the prospects buying group is not being moved to purchase. An effective remedy is often to increase advertising/direct mail coverage and sales force coverage. If the prospects group is small, sales force calls may be the logical answer. A lack of purchasing may also indicate the products positive features are not being stressed satisfactorily. Therefore, a change in advertising or sales approach may be needed.

The “few novices” scenario - first timers need to feel that they are being taken care of before they will commit to a purchase. Without this, they will lack the confidence to try the product. The cause for lack of purchasing could be many: product is priced too high, competition is offering a superior value package, or the direct mail/advertising campaign could be at fault. Whatever the reason, this group of buyers want attention and will not purchase until it is received.

The “few sophisticates” scenario - this is an especially tough area in which to lose a present customer. This scenario suggests that after the initial purchase, customers may have concluded the product did not fulfill their expectations. Follow-up sales support is critical to head off initial problems. Only a customer who has success with a product is going to purchase more of the company’s products [10].
Table 2.1: What Buyers of Industrial Products Look For

<table>
<thead>
<tr>
<th>First-Time Prospects</th>
<th>Novices</th>
<th>Sophisticates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dominant Theme:</strong></td>
<td><strong>Dominant Theme:</strong></td>
<td><strong>Dominant Theme:</strong></td>
</tr>
<tr>
<td>&quot;Take care of me.&quot;</td>
<td>&quot;Help me make it work.&quot;</td>
<td>&quot;Talk technology to me.&quot;</td>
</tr>
<tr>
<td><strong>Benefits Sought:</strong></td>
<td><strong>Benefits Sought:</strong></td>
<td><strong>Benefits Sought:</strong></td>
</tr>
<tr>
<td>• A sales rep who knows and understands my business.</td>
<td>• Easy to read manuals.</td>
<td>• Compatibility with existing systems.</td>
</tr>
<tr>
<td>• An honest sales rep.</td>
<td>• Technical support hot lines.</td>
<td>• Products customized to customer needs.</td>
</tr>
<tr>
<td>• A vendor who has been in business for some time.</td>
<td>• A high level of training.</td>
<td>• Track record of vendor.</td>
</tr>
<tr>
<td>• A sales rep who can communicate in an understandable manner.</td>
<td>• Sales reps who are knowledgeable about their products and services.</td>
<td>• Maintenance speed in fixing problems.</td>
</tr>
<tr>
<td>• A trial period.</td>
<td>• Post-sales support and technical support.</td>
<td>• Post-sales support and technical support.</td>
</tr>
<tr>
<td>• A high level of training.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>What's Less Important:</strong></td>
<td><strong>What's Less Important:</strong></td>
<td><strong>What's Less Important:</strong></td>
</tr>
<tr>
<td>• Sales rep's knowledge of products and services.</td>
<td>• An honest sales rep.</td>
<td>• Training.</td>
</tr>
<tr>
<td></td>
<td>• A sales rep who knows and understands my business.</td>
<td>• Trial.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Easy-to-read manuals.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sales rep who can communicate in an understandable manner.</td>
</tr>
</tbody>
</table>

Do Not Have A Customer - - Know Your Customer

How is seed corn sold? It has been sold using any or all of the following methods: friendships, pork chops, peer pressure, tradition, bribery, money, and church to name a few. The following example was provided by William Preller. “Mac” considers himself a hard-nosed rational businessman first which carries over to being a successful farmer. But stacked in his shed are 200 bags of seed corn from 10 different companies. Why so much from so many different sources? There are many reasons - his cousin and best friend both sell seed, he wanted to try the brand that looked good in his neighbor’s field, one company was offering a free trip, and the best reason was that he is a seed dealer and buys just enough to get a free jacket every year! All of the marketing gimmicks accounted for only 20 percent of his business.

Many companies are now focusing on the “lifetime sale” instead of the one year only quick sale. These companies are creating service structures and philosophies based on this performance goal. Helping the customers use hybrids properly, supplying information concerning a hybrid’s strengths and weaknesses, and providing various technical support functions are strategies for the lifetime sale. “Many companies make only a half-hearted effort to understand how the customer sizes them up relative to competitors. They concentrate only on price (despite the fact price is often the same across competitors) and never get to the real non-price cues and attributes that count in the purchase decision.” Farm operators such as “Mac” will always be affected by “first time” sales techniques, but the companies who are willing to provide continued outstanding service will continue to be 20 percent of the companies that sell him 80 percent of his seed corn [9].
Summary

Understanding customer decision making is vital. In order to offer an attractive bundle of products and services to the customer, priority should be given to meeting the needs of the target audience: the customer, or in this study, the corn grower.

Whether a seed corn hybrid costs $60 per bag or yields 200 bushel per acre is irrelevant if the corn grower does not perceive the seed corn hybrid as a value. This happens by meeting and exceeding the corn growers’ expectations. In addition to the physical product and support services, the supplier must exceed the corn growers’ expectations by staying in touch and focusing on the “lifetime sale.” The key is continuous communication. The goal is to bring the corn grower from first time prospect to novice to sophisticate. This can be accomplished by focusing upon factors that are important to the corn grower in his seed corn purchasing decision versus what the supplier has to offer.

Notes

6. O’Shaugnessy, pp. 29-34.
7. O’Shaugnessy, pp. 35-36.

10. Robertson and Barich, 13-16.
CHAPTER 3
POSITIONING FOR THE FUTURE - MARKETING STRATEGIES FOR SMALL-SHARE PLAYERS

In order to aggressively increase or maintain market share, a seed corn supplier must have knowledge not only of his own product line and services, but also his competitors. In addition, current strengths and weaknesses must be objectively reviewed to meet the demands of a continually changing seed corn market. This begins with building a relationship with the customer, current or potential.

Relationship Marketing

The battle for market share is an intense competition. Every market has a leader and a number of challengers. A primary goal for all market participants is to defend current market position. To go beyond this and increase market position requires selecting a strategy appropriate to your current market position [1]. For example, in the seed corn industry the sales volume leader is Pioneer Hi-Bred. It is not realistic for Curry Seeds, whose total yearly sales volume is less than 70,000 units/bags, to implement a strategy designed to overtake the number 1 position (U.S. market share) from Pioneer Hi-Bred. A more appropriate strategy may be to price their top seed corn hybrid less than Pioneer Hi-Bred’s least expensive hybrid. In the drive to secure or expand market share, only certain strategies are appropriate for low-market share players; who in this context are smaller, independent seed corn companies (SISCCs).

In the seed corn industry, tailoring strategies is vital. For example, if the yield results offered by a small-share player’s seed corn is not significantly different than the large-share
players, then maybe other areas should be emphasized such as customer service, location, and price. Higher quality also applies not only to quality of the product, but also quality of service and personnel. Many small-share players rely on the latter heavily.

Marketing strategies are statements about how you expect to accomplish your goals. Various strategies can include product differentiation, market segmentation (as previously discussed), new product introduction, or any number of alternatives. Product differentiation includes creating products and services that are physically different or will be perceived as different by your customers. For farm supply businesses, service “beyond the call of duty” can be a principal way of differentiating your products.

Kenkel and Tilley have their own view of market segmentation.

“Market segmentation is defining specific groups of customers with specific needs and developing products, services, promotions, distribution systems, and pricing policies that will successfully appeal to each specific segment you want to be a part of your customer base. Groups of farmers can be defined by production technology, crops, age, volume of business, location, levels of progressiveness, or education” [2].

Regardless of the factors used to segment the market, there are several requirements for effective segmentation.

1. **Measurability**: the degree to which the size and purchasing power of the segments can be measured.

2. **Accessibility**: the degree to which the resulting segments can be reached and served.

3. **Sustainability**: the extent to which the segments are large and/or profitable enough to justify separate marketing attention [2].
However the market is segmented, tying company fortunes to a particular group is one of the challenges of agribusiness today. Pick the wrong group, miss its needs and the fortune could be lost [3].

Relationship marketing provides elements of general advertising, sales promotion, public relations, and direct marketing to reach the consumer in an effective and efficient manner. There are three key elements:

1. **Identifying and building a database** of current and potential consumers/customers which records a wide range of demographic and purchase information.

2. **Delivering differentiated messages** to these people through established and new marketing channels based upon the customer’s characteristics and preferences.

3. **Tracking each relationship** to monitor the cost of acquiring the customer and the lifetime value of his purchases [4].

A fully designed and developed customer database can be a powerful marketing tool. Some databases may be relatively simple to design, while other are complex. An agribusiness database, for example, could include the following categories of information:

**Grower Data**
- Grower name, address, telephone
- Farm(s) location identification
- Production acres by crop type
- Seed and/or chemical usage practices by crop
- Proprietary product purchases by year
- Sales promotion participation
- Marketing communications response
**Distributor/Dealer Data**
- Distributor name, address, telephone
- Dealer name, address, telephone

**Field Sales Data**
- Region sales manager’s name, address, telephone
- District sales manager’s name, address, telephone
- Territory sales manager’s name, address, telephone, and counties [5]

Relationship marketing does differ from direct marketing, general advertising, and sales promotions. For the most part, all of those stress immediate sales while relationship marketing’s goal is increased usage over time. While a temporary increase in sales is good, building a lasting bond with the consumer through product loyalty is the ideal [6]. According to Cravens and Shipp, the goal is to get closer to the customer to better understand the customer’s needs and expectations. Direct contact with the buyer(s) enables the marketer to learn what drives customer satisfaction, identify customer needs, and use those needs to target marketing outlets. The bottom line is to develop a market-driven organization.

Strategic options may include the following:

1. **Scanning environmental trends** - The target markets are constantly changing as technology increases at a very rapid pace. Failure to keep pace and implement corrective strategies drastically weakens the best laid marketing plans.

2. **Strategic vision** - This is no easy task. It requires looking at your market and industry objectively and forecasting where you see opportunities ahead. Selecting the product and market areas where opportunities for the firm are the most
promising and to implement strategies for creating and sustaining an advantage, is most often left for top management [7].

At the heart of relationship marketing is building customer loyalty. Four types of buyer behavior indicate customer loyalty: making repeat purchases, purchasing across product and service lines, giving referrals, and demonstrating an immunity to the “pull” of the competition. As any discipline, the fundamentals of relationship marketing must be learned and practiced. An important component of this is front-line sales where the employee learns to identify the customer’s needs and expectations. One way to increase loyalty is to exceed a customer’s expectations by offering him or her an added value.

Kenkel and Tilley discuss tactics designed to reach the potential customer. They are broken into five tactical areas: products and services, price, promotion, distribution, and people.

1. **Products and Services** - Almost all agricultural inputs can have services added to them. Some examples include crop consulting, offering marketing services, and sprayer calibration for customers who purchase chemicals. Until the services are added, there is little to differentiate suppliers.

2. **Price** - Pricing tactics may include a special introductory price for new customers in order to entice them to purchase, or a volume discount available to large customers in order to keep their business. Being prepared to negotiate a price, the sales representative should have a clear understanding of the cost of the product or service.

3. **Promotion** - Examples include magazine, radio, television, newspaper advertising,
sponsoring field days, or simply participating in civic organizations. Promotion activities may be directed towards past clients who have reduced product usage or no longer use the product or service. This could be as simple as a dinner meeting to discuss their past product or service usage.

4. **Distribution** - Timely delivery is extremely important. It also includes hours of operation and number of locations. For example, in order to meet the needs of hobby farmers in a metropolitan area, a firm may need to expand their hours.

5. **People** - People are the most important, but most often rejected part of a marketing plan. They must possess a positive, caring attitude and have the capability to listen to the customer, instead of giving the customer a rehearsed sales pitch (8).

**Products and Services**

When you ask someone about an experience with service, good or bad, most often they will tell about a time when the service was sub-par at best. Buyers are becoming programmed to expect poor service and are pleasantly surprised when the service exceeds their expectations. Many times it as simple as showing up at the right time at the right place. Tom Peters *20 Ideas on Service* covers all aspects of providing good service while surprising the customer and offering more than is expected. Below are a few of these ideas:

**Idea No. 1 - Keep it simple.** The business environment is moving at a rapid pace. As the right technologies, training programs, and marketing strategies are being created, remember to keep asking yourself, “Am I keeping it simple?”

**Idea No. 2 - Service is about remarkable comebacks.** Customers will have a lasting, positive impression of how a problem was fixed long after remembering how
something else was done right the first time.

Idea No. 3 - **Service is soft and low-tech.** Intangibles such as perception, listening, and empathy are the human components that have long been ignored by “hard-nosed” salespeople. Paying attention to such soft, mushy topics can be the difference between winning and losing.

Idea No. 4 - **Delight your customer.** Simply do not satisfy him or her. Customize the service to each customer. Simply do not aim for complaint-free.

Idea No. 5 - **Service is about expectations.** Many customers see service characterized by effectiveness. Under promise and over deliver.

Idea No. 6 - **Service is a large part of quality.** In a research survey, it was examined as to why customers stop doing business with companies. Among the least significant factors were quality (“inferior product”) and price (“too expensive”). “Poor service” gathered 40 percent of the votes as the single most important factor!

Idea No. 7 - **Service is about people** - A company can not expect to treat the customer in a caring, special manner without caring, committed employees in place. Overlook this fact and quality of service declines automatically.

Idea No. 8 - **Service is about self-esteem more than training.** Companies are more than willing to provide continued technical training, but ignore training the front-line employees in customer relations and sales could and will be lost.
Idea No. 9 - Service is about little things, adding up to a culture of constant improvement. It is a thousand unique little ways of going the extra mile for the customer.

Idea No. 10 - Service is also hard. Customer service should be measured. There should be as much quantitative information about how the company is dealing with the customers as there is about dealing with costs [10].

Pricing

A company, agribusiness or other, can not arbitrarily set a price for their product(s). Customers, marketing goals, and competitors all affect the pricing strategy. To price effectively, start with perceived value. Having a good grasp on the value your company adds is not enough - your own pricing goals and the value delivered by your competitors are equally important. Pricing goals: Looking inside - What is to be accomplished with the pricing strategy? Is the goal to gain market share as quickly as possible, or is there time for patience in the long run? Some important questions need to be asked and answered internally before a pricing strategy is put in place. Understand your competition: Looking outside - in the end, knowing what value is added to the competition’s bundle of products and services will help greatly. This is important for three reasons:

1. The competition must be studied. To sell against them, you must first know what you are up against.

2. The customer knows the competitor’s products. The only way to compete for these customers is to know everything that they know.

3. The value your competitor provides forms the basis of your customer’s satisfaction
(or dissatisfaction). Value is a relative idea, and your bundle is judged relative to that of the competition [11].

Allan McGrath is Director of Marketing Services for 3M. He recognizes ten pricing principles that work not only for a large company such as 3M, but also the corner grocer. Seven of these pricing principles are reviewed.

"Truth Number 1: Pricing is just one part of the overall revenue-generating strategy - Marketers need to be as independent of price as possible and still generate good profits. This can be accomplished through revenue diversification. Some ideas are: finding different ways to market the same product or market new products.

Truth Number 2: Pricing strategy must be closely tied to market share strategy - a company can not have a market share strategy that is separate from a pricing strategy. For example, Caterpillar had 50 years of sales growth and profits. In 1980, the Japanese company, Komatsu, cut prices 40% below Caterpillar. Caterpillar now had a choice to make: lose money or market share. It chose to lose money figuring that if it lost market share it would not be able to fight back over the long run. In this case, Caterpillar chose a strategy, pricing and market together, that encompassed survival, profitability, and market share goals.

Truth Number 3: Pricing strategy always involves cost strategy - A company must have a firm grasp on its costs when the market is down, but also when the market is up. Without knowing the costs associated with your bundle of product or services, an appropriate corresponding pricing strategy is useless” [12].

“Truth Number 4: Pricing strategy must be a derivative of your price-performance equation versus that of the competition - you should expect to receive a premium for your product or service if you are offering excellent performance or quality. Instead of asking “How price sensitive are customers?”, try asking “How benefit sensitive are customers to the extra performance or quality gained in the product or service?” The key is to sell up to the built-in performance or quality rather than down to the price of someone whose product may not have the same built-in price or quality performance.

Truth Number 5: Pricing must always consider the segment you are after - companies which “average-price” their products across market segments are losing sales by not exploiting to their advantage the variability of most markets. For example, the same identical sales pitch can not be given to company A, B, and C. Each company must be individually analyzed for current and future purchasing power.
Truth Number 6: Upward price leverage requires continuous investment in brand equity - How does a marketer keep brand equity up to ensure that pricing is as high as possible?

1. Position consistently - Consumers have to know exactly what to expect when they buy the product or service.
2. Stay “top-of-mind” - When someone asks a customer, “which brand(s) do you prefer,” you have to be one of the first brands they think of.
3. Reinforce familiar associations - One of the best examples is Prudential and ‘the rock.’
4. Deliver on the product’s promise - Bottom line…..the product must look like, feel like, and work the way the consumer expects it to” [12].

“Truth Number 7: Implementation of pricing plans calls for high negotiation skills - good price negotiators have certain common traits. First, they know all of the key players. They also know what their “best offer” range is, that is, what the ceiling and floor price are. Good price negotiators also know how to “sell around” price objections. In addition, they are fair, friendly, have integrity in a professional manner. In the end, they negotiate for the best win-win arrangement for the company and customer” [12].

So far the basics of effective pricing have been discussed. Table 3.1 outlines some of the more popular and effective pricing strategies used by others [13].

Promotion

Of the five tactics being discussed, the fourth tactic, the importance of promotion, is the one that is continually questioned by most agricultural suppliers. This is in the form of giveaways such as hats, jackets, pens, and calendars, to name just a few. A few years ago, Rhone-Poulenc, a chemical company, introduced to fresh market sweet corn growers an insecticide called Larvin. In order to promote this project to approximately 650 growers in 14 States, they decided two methods would be the most effective; direct mail and giving away a premium. Their direct mail campaign received 95 percent approval from customers. This included a card telling the Larvin story through the use of cartoon characters. Also, a
Table 3.1: Creative Pricing

<table>
<thead>
<tr>
<th>Pricing Approach</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bundling or unbundling</td>
<td>Sell products or services as packages or break them apart.</td>
</tr>
<tr>
<td>2. Time-period pricing</td>
<td>Adjust price, up or down, during specific times for changes in demand.</td>
</tr>
<tr>
<td>3. Trial pricing</td>
<td>Make it easy and lower the risk for a customer to try out what you sell.</td>
</tr>
<tr>
<td>4. Image pricing</td>
<td>Sometimes the customer wants to pay more, so price accordingly.</td>
</tr>
<tr>
<td>5. Pay-one-price</td>
<td>Unlimited use or amount of a service or product, for one set free.</td>
</tr>
<tr>
<td>6. Change the standard</td>
<td>Rather than adjust price, adjust the standard to make your price seems different.</td>
</tr>
<tr>
<td>7. Variable pricing</td>
<td>Set up a “price per” pricing schedule tied to a related variable.</td>
</tr>
<tr>
<td>8. Differential pricing</td>
<td>Charge each customer or each customer segment what each will pay.</td>
</tr>
<tr>
<td>9. Fixed, then variable</td>
<td>Institute a “just to get started” charge, followed by a variable charge.</td>
</tr>
<tr>
<td>10. “Don’t break that price point!”</td>
<td>Price just below important thresholds for the buyer, to give a perception of lower price.</td>
</tr>
</tbody>
</table>


coffee mug was included in each mailing. The following year, a wind sock in the shape of an ear of corn was given to all current customers regardless of size. Some growers used the wind sock as an attention grabber for their roadside stands. According to Larvin marketing personnel, more than 90% of the target audience responding to the mailings indicate they switched to Larvin insecticide [14]. While there is much skepticism among agribusiness personnel, promotional activities did work successfully for this customer audience.
This leads to another promotional tool: farm shows. Trade show exhibitors are becoming more selective in deciding which shows they are going to attend. They want to know who is really attending the shows and whether or not the information provided is being used in the customer’s purchasing decision.

Exhibitors often attend the same shows every year, almost out of habit. Chuck Roth, vice president of Farm Progress Companies, has conducted research indicating which farmers are most likely to attend the annual Farm Progress Show. Attendees are identified by location, cropping practices, and even product interest. He said they can also tell an exhibitor how much influence that show might have on an attendee’s buying decision [15].

Distribution

Back in the 1950s, becoming a dealer for about any agricultural product was very easy. Costs were relatively low and there were many customers. Today, the operating environment has changed. Fewer customers covering more acres or raising more animals need more help than ever. The result? This smaller customer base actually is in need of greater support from its dealers. The company that can support its dealers best to help the farmer will come out ahead. In the crop production and seed business, most companies are relying upon the supplier to distributor to dealer to customer chain. With this approach in place by the majority of agricultural companies, boosting the level of expertise for both distributors and dealers is a must to serve the customer of today [16].

Customer’s Expectations - Putting It All Together

What will the farmer need in the next decade? In a survey sponsored by Dekalb Genetics, farmers listed the following areas as important to them.
1. **Technical expertise** - Larger farmers are trying to do more with less equipment, less people and less time. The dealer/sales representative who can help fill that void will be a winner.

2. **Field support** - Whether its equipment questions or questions concerning plant hybrids, farmers are going to need more help.

3. **Innovations** - Farmers are always looking for ways to save time or money. Dealers who are always looking for innovative products or ideas which will help the farmer, will do well.

4. **The extras** - Farmers want to work with a dealer who is willing to do a little more than the competition. This may mean crop scouting the farmer’s fields or picking up and delivering equipment that needs to be repaired at no extra cost.

“Our customers are going to decide how they want to purchase their farm inputs. We will provide them with the options they’ve told us they want,” said John Pitts of Dekalb Genetics [17].

According to Spencer Hapoienu, the key to market success is added value, not less value. The ability to deliver added value requires local knowledge, local decision-making, and local procedures. The commitment to change has to be present. He views three areas as critical in the drive to capture more customers, thus increase market share.

**Total commitment** - From the CEO down to the sales representative, all levels of the organization must be committed to move in the same direction. Procter & Gamble quickly realized that the more it thought like the customer, the more its products would be preferred by the customer.
New attitudes and philosophies - The organization’s attitudes should reflect the new goals. Price promotion is out, added value is in.

Marketing and sales need new tools - The first tool is a consumer database which identifies all segments and variables. Consumer information should be examined to determine how many segments exist, where they are located, where they currently shop, and what marketing variables are important to each segment [18].

Summary

Marketing strategies are statements about how you expect to accomplish your goals…both today and in the future. There are many steps towards the “appropriate” marketing strategy depending upon variables such as present market strategy, resources available (financial and personnel), time available, short and long-term goals, etc. Regardless of the steps taken towards the “appropriate” marketing strategy, building a relationship with the customer is vital.

This can be accomplished by gathering relevant data such as farming practices, location, past purchasing history (if known), and biographical data. The goal is to know as much about the past purchasing practices of the corn grower as possible. Once this information is gathered, the seed corn supplier can break the information into the following five tactical areas (products and services, price, promotion, distribution, and people) to scan for strengths, weaknesses, and trends.

The important points are (a) keep it simple and exceed expectations, (b) set appropriate pricing goals based upon your own pricing goals and the value delivered by your competitors, (c) analyze the true value of the current promotional activities, and (d)
strengthen the level and expertise of the dealer and distributor network. Above all else, most corn growers are searching for a seed corn supplier who will be a problem solver, not a salesman.

Notes


8. Kenkel and Tilley, 533.4.


CHAPTER 4

METHODOLOGY

Chapter 4 will provide an explanation of the methodology used in this study. Included are definitions, research questions, sources of data, and methods of analysis. In regard to the survey respondents and subject seed corn company, all relevant information and descriptors will be provided, with attention taken to preserve the confidentiality of all participants.

Definitions

The following terms apply to the terms used in this study:

*Excluded Want:* exhibited least among consumers as to why they are not purchasing a particular product. Examples include peer pressure and ethical or legal reasons [1].

*Farm Manager:* provide services to absentee landowners such as record keeping, grain marketing, tenant selection, farm program compliance, and others, to ensure their farm is operated in the most efficient and productive manner in their absence.

*Latent Want:* a lack of understanding, by the customer, of either a product’s function(s) or the significance of the function(s) for achieving their goals [2].

*Large Operators:* corn growers who, for this study, plant over 600 acres of corn.

*Medium Operators:* corn growers who, for this study, plant between 300 and 600 acres of corn.

*Passive Want:* a customer may be fully aware of the product and its potential benefits, but are convinced the avoidance factors outweigh the approach factors [3].

*Relationship Marketing:* combines elements of general advertising, sales promotion, public relations, and direct marketing to create more effective and more efficient ways of
reaching consumers. It centers on developing a continuous relationship with consumers across a family of related products and services [4].

*Seed Corn Unit/Bag:* contains 60,000-80,000 kernels of corn, weighs 50 lbs., and will cover approximately 2.75 acres.

*Small Operators:* corn growers who, for this study, plant less than 300 acres of corn.

*Smaller Independent Seed Corn Company:* (SISCC) a seed corn company whose yearly total volume of seed corn units/bags sold is less than 100,000 [5].

*Test Plot:* created to showcase many different seed corn hybrids/varieties in a relatively small area. It is usually located in a high visibility area where it can be readily viewed by many corn growers.

**Research Questions**

Based on the purposes of the study and the information from the literature review, research questions arise. The following questions present the focus of the study:

1. When a farm operator is preparing to purchase seed corn, which attributes of the product and the seed corn company are the most important in his/her purchasing decision? The least important?

2. When a smaller, independent seed corn company (SISCC) is marketing its product to the farm operator, which marketing attribute(s) does it view as important to the corn grower when purchasing seed corn? Not important?

3. Are the marketing areas of emphasis of the subject seed corn companies compatible or non-compatible with the needs of the corn growers surveyed (NC group only) when they are preparing to purchase seed corn?
Sources of Data

This section provides insight on the sources of data used in the study. Participants included, methods of selection, and method of data gathering are also detailed.

Participant Inclusion and Selection

The data were collected from:

1. farm operators who purchase the majority of their seed corn from a seed corn company with an annual sales volume of less than 100,000 units/bags per year.
2. farm operators whose seed corn supplier(s) were unknown.
3. seed corn suppliers whose sales volume is less than 100,000 units per year.

Potential survey participants were chosen through assistance and information from the National Corn Growers Association and Company X, a seed corn company located in southeast Iowa whose sales volume is less than 100,000 units/bags per year. For study purposes, both groups of farm operators, customers and non-customers, were from the same three southeast Iowa counties. The listing of corn growers who purchase the majority of their seed from Company X was also provided by Company X. The listing of corn growers whose purchasing habits were unknown was provided from the National Corn Growers Association.

Choosing both groups of corn growers from the same geographical area provided a good tool for comparison. Company X was able to evaluate not only its own customers for their purchasing criteria, but also corn growers within its selling base, three surrounding counties, for answers as to what this non-customer corn grower group viewed as important when purchasing seed corn. The group of corn growers whose purchasing habits are unknown
could be purchasing from other SISCCs even though they are not purchasing from Company X.

Data Gathering

Based upon the literature review and input from the sources listed below, two surveys were created, one for both groups of corn growers (non-customers and current customers) and one for the subject seed corn companies. (See Appendix A for the survey questionnaires used.) The development of the surveys from inception until they were mailed to the potential participants was as follows:

- Step 1 - Conducted a literature review at the Iowa State University Library and the University of Nebraska library for information concerning market factors important to corn growers and suppliers.

- Step 2 - Visited Dr. Joe Burris, Seed Science, Iowa State University, for input concerning survey topics and methodology. His assistance was valuable in pointing out the major concerns of SISCCs such as pricing, promotion, products and services, distribution, and the importance of service-oriented employees. In addition, he provided the name of Channing Sieben, President of the Independent Professional Seedsmen Association (IPSA), as a potential source of valuable information.

- Step 3 - Called Channing Sieben and visited with him concerning (1) his organization, the Independent Professional Seedsmen Association, (2) concerns and challenges facing smaller seed corn suppliers, and (3) topics for a survey aimed at corn growers and seed corn suppliers whose sales volume is less than 100,000 units. Mr. Sieben provided a database containing all of the members of IPSA which included seed corn suppliers from
seventeen states. The suppliers surveyed were obtained from this database and were located in the following states: Minnesota, South Dakota, Nebraska, Kansas, Oklahoma, Missouri, Iowa, Illinois, Indiana, and Michigan.

• Step 4 - Called Jay T. Akridge, Professor and Associate Director, Center for Agricultural Business, Purdue University. The Center for Agricultural Business (CAB) is known for its outstanding survey methodology in the field of Agribusiness. Dr. Akridge provided valuable assistance concerning the content and form of the surveys.

• Step 5 - Created both surveys in a rough draft form and circulated them for feedback to the following individuals: Dr. Joe Burris, Mr. Channing Sieben, Dr. Jay Akridge, and Mr. Robert Parker of the Small Business Development Center located in Ames, IA. They evaluated both surveys for appearance, content, technical information, and ease of completion. After the feedback was obtained from all parties, minimal changes were completed. Goldenrod was the color chosen for the corn grower surveys.

• Step 6 - Created both surveys in a final form and circulated them once again. The seed corn survey was distributed to Dr. Burris, Mr. Sieben, and Mr. Parker. In addition, the researcher traveled to Arenzville, IL, to visit with Tom Burris, owner of Burris Seeds. Feedback was obtained from Mr. Burris pertaining to the supplier survey. Burris Seeds sales volume is in excess of 100,000 units/bags so Burris Seeds was not included in the survey as a participant. The corn grower survey was distributed to 10 corn growers who the researcher knew personally (not survey participants) and who had agreed to critique the survey and return it in a short period of time. After the feedback was obtained for the final draft of both surveys, minimal changes were made and it was ready for mailing.
• Step 7 - Mr. Channing Sieben, President of IPSA, sent a personal letter to all of the potential survey supplier respondents asking for their cooperation in completing the survey. This letter was mailed 2 weeks before the actual survey was sent. (See Appendix B for a copy of this letter.)

• Step 8 - The surveys were mailed to all potential respondents along with an introduction letter. A copy of the corn grower letter can be located in Appendix C. A copy of the supplier letter can be found in Appendix D. For survey purposes, the potential respondents were divided into customers (current customers of Company X), non-customers, and suppliers. A total of 112 surveys were mailed to customers; 386 surveys were mailed to non-customers; and 132 surveys were mailed to suppliers. The time frame allowed for the return of the surveys to be included in this study was four weeks. Since both groups of corn growers completed the same survey, two different styles of return envelopes were used to sort the responses into their respective groups upon return.

Analysis

The survey responses were first presented in survey form for each individual survey group: customer, non-customer, and supplier. The responses provided for all groups were then segregated into the following categories for ease of comparison:

1. *Background information concerning the supplier's current customer base and marketing focus and the corn grower's size in terms of acres planted to corn and current purchasing preference.* This background information provided a base for segmenting and comparing the information to follow.
2. Advantages SISCCs have over larger seed corn companies as seen by customers, non-customers, and suppliers when selling seed corn. The disadvantages were also covered. All survey groups were asked to rate the areas where SISCCs had an advantage over large seed corn companies when marketing seed corn.

3. The purchasing criteria important to corn growers as viewed by customers, non-customers, and suppliers. All survey groups were asked to evaluate, and rank, the areas of importance corn growers placed upon certain marketing attributes provided by suppliers such as information provided and price, for example.

4. Value of services and information provided by suppliers and requested by corn growers. In this section, the sources of purchasing information and promotion are analyzed in regard to their importance, and non-importance, in the corn grower’s overall purchasing decision.

5. The role and importance of pricing, promotion, distribution, and people in the corn grower’s decision to purchase seed corn. All survey groups were asked to evaluate their opinion on paying for services and information and the importance of price, promotion, distribution, and people when purchasing seed corn.

For a contrasting perspective, the survey groups were also compared with each other through the use of tables. The tables use the same information given in the surveys and permit the reader to compare and contrast among customers, non-customers, and suppliers.

Based upon the information taken from the surveys and presented in Chapter 5, conclusions are drawn.
Delimitations of the Study

Due to the nature and timing of the study, certain delimitations were expected. The surveys were mailed in late April, an extremely busy time of the year due to preparing for and planting the corn crop.

Considering the geographic position of all corn grower respondents, customer and non-customer, certain biases can not be measured within this study such as cropping history, government program involvement, growing conditions, etc. Taking a corn grower survey from a small geographic region (three counties) can not guarantee it is representative of a larger region. Despite any potential bias, the details of the study are still expected to be revealing and realistic.

Due to financial constraints, the non-customer survey was sent to only 386 corn growers and the customer survey to 112 corn growers across three Iowa counties. Ideally, this number should approach 1000 and could possibly cover Iowa, Nebraska, and Illinois. This is an area of further potential study.

Lastly, a single consistent measure is not available to test whether the future is bright for smaller, independent seed corn companies. The information provided in this study is revealing, but it is still up to the individual reader’s interpretations of the information provided.

Summary

This chapter details the methodology used in this study. Included are definitions for excluded wants, farm manager, latent want, large operator, medium operator, passive want,
relationship marketing, seed corn unit/bag, small operator, SISSC, and test plot. Five research questions that help focus the study are also presented and discussed.

The data gathering process and sample selection are detailed. Three groups——current customers, non-customers, and suppliers were chosen for participation in the study. The customers are corn growers whose purchasing supplier was known. The non-customer’s purchasing supplier was not known. The suppliers were all seed corn companies whose sales volume was less than 100,000 units/bags per year and were located in the Midwest. Gathering the data was completed through the use of surveys in April of 1994.

Based on the research questions, the data are presented in a comparative/contrast format. Complementing this are tables for a cross-sectional view of several areas. Finally, some expected delimitations are addressed.

Notes

3. John O’Shaughnessy, p. 27.
CHAPTER 5

RESEARCH FINDINGS

This section reports the findings of agricultural suppliers and farm operators who purchase corn seed. The farm operator’s set consists of two groups of farm operators who (a) purchase a portion of their corn seed from a smaller, independent (or locally-owned) seed corn company (SISCC), and (b) purchase their seed from either small, medium, or large seed corn suppliers. Their purchasing preference was unknown at the time of survey. The first part of the chapter consists of a comparative, cross-sectional analysis through the use of tables and charts. The findings are broken into the following sections:

- demographics of the survey participants,
- marketing focus/purchasing practices,
- marketing attributes - overview,
- product performance/information/services,
- price,
- promotion,
- distribution,
- people.

The last section of this chapter analyzes the research questions. The following abbreviations will be used in this chapter: SU - seed corn supplier, NC - non-customer, CC - current customer.
Demographics of the Survey Participants

The anticipated response rate was 5-10 percent based upon the timing and follow-up of the distribution of the surveys. Even though the volume of responses were not as large as hoped, the response rates did exceed the researcher’s expectations.

Seed Corn Suppliers

A total of 132 surveys was mailed. The number of surveys returned total 32 for a usable response rate of 24 percent.

The amount of years engaged in the seed corn industry varies widely. The high is 80 years with the low being 7. The average time engaged in the seed corn industry is 27 years. The average number of units/bags of seed corn sold in 1993 was 22,500. Their current seed corn customers vary in size (see Chart 5.1). Over one-third (36%) are considered small operators (less than 300 corn acres), 37 percent are considered medium sized operators (between 300 and 600 corn acres), and the balance (27%) large operators (over 600 corn acres) [1].

Corn Growers: Current Customers and Non-Customers

The usable number of surveys returned from these two survey groups total 82 (21%) for the NC and 20 (18%) for the CC survey groups. A total of 386 surveys was mailed to the NC group and 112 surveys were mailed to the CC group. The CC group is represented in all tables and charts where applicable, but is not discussed alongside the NC and SU survey groups. This is due to the low number of survey responses. For the CC group, the average amount of corn acres planted in 1993 was 314 and remained the same for “expected to plant” in 1994. The NC group indicated some expansion. In 1993, 317 corn acres was the average
number of corn acres planted and they were expecting to plant 326 acres of corn in 1994, on average.

Both corn grower groups fall into the low end of the “medium” group as indicated by the SU’s “customer base” response in Figure 5.1.

![Figure 5.1. Seed Corn Suppliers Customer Base](image)

**Marketing Focus / Purchasing Practices**

The current marketing focus of suppliers and purchasing practices of corn growers is important. Before potential change can take place, if necessary at all, it is helpful to know current attitudes and trends as represented by the survey groups, in particular the NC and SU groups.

**Seed Corn Suppliers - Current Marketing Focus**

The majority of suppliers (82%) indicated their current marketing focus is two-fold:
retaining current customers and prospecting for new customers. The remainder focused primarily upon retaining current customers (12%) or prospecting for new customers (6%), but not both. When obtaining new seed corn customers, 64 percent are farmers who have been farming more than 15 years, and the balance (36%) are younger farmers who have been farming less than 15 years. Corn grower purchasing limited to one company is non-existent. None of the suppliers indicated that they feel their customers plant their seed exclusively. According to the suppliers, 62 percent indicated their customers plant their seed along with more than one brand and 36 percent feel their customers plant their seed and just one other brand. The remaining 6 percent of suppliers did not know the purchasing decisions of their customers.

**Corn Growers - Purchasing Practices (General)**

In this section, the following items will be discussed: (a) number of suppliers that corn growers (NCs) purchased from, (b) importance of dealing with the same supplier year after year, and (c) the purchasing bias exhibited by the NC group of corn growers if all supplier marketing attributes such as price, service, and yield were held constant.

The NC survey group indicated they prefer to purchase seed corn from, on average, 2.6 different seed corn suppliers. This answer is the same for 1993 and expected in 1994.

The NC and CC survey groups were asked to respond to the following statement, “Whenever possible, I like dealing with the same seed corn supplier year after year (see Figure 5.2).”
Results: A great majority of the NC group (81%) indicate they somewhat to strongly agree with the previous statement. The remaining (19%) are split among neutral, somewhat disagree, and strongly disagree.

What does it mean: The NC survey group prefers working with the same seed corn supplier year after year. Loyalty is exhibited. It would seem difficult to convince this purchasing group to switch dealers/seed corn suppliers.

![Graph showing survey results](image)

Figure 5.2. Whenever Possible, I Like Dealing With the Same Seed Corn Supplier Year After Year.

In Figure 5.3, all three survey groups (SU, NC, and CC) were asked the same question, “All things being equal (i.e. price, service, and yield) corn growers would prefer to purchase seed corn from a locally-owned seed company.” This is a very good benchmark question to use when examining other survey results located within this study. The purpose is to discover whether corn growers, in particular the NC group, are receptive to purchasing from locally-owned seed companies if all marketing attributes are perceived as being the same.
Figure 5.3. All Things Being Equal (i.e. Price, Service, Yield) Corn Growers Would Prefer to Purchase Seed Corn From a Locally-Owned Seed Company.

Results: Nearly all of the NC group agrees (55%) somewhat or strongly, or is neutral (40%) to purchasing from locally-owned seed suppliers if all marketing attributes are equal. The SU's response is similar to the NC group, except the SU respondents do not expect as many NCs to be neutral.

What does it mean: Both the suppliers and corn growers agree (fairly closely) that corn growers would purchase from locally-owned seed companies if all things were equal such as price, yield, and service. There are negative perceptions concerning benefits of purchasing from locally-owned seed companies. An important note to suppliers: 95 percent of all NCs are either non-committal (neutral) or agree to the statement in varying amounts. The neutral response may also stem from the survey respondent not wanting to answer the question.
Corn Grower Purchasing Practices - Future, Present, and Past

Before analyzing each major marketing attribute of small seed corn suppliers and their importance to corn growers (NCs), the purchasing practices of corn growers will be discussed with emphasis given to future, present, and past purchasing. Future purchasing practices are discussed initially. Next, present purchasing practices are examined to outline what is happening now. Finally, past purchasing practices are examined in order to see what has worked (and not worked) in the past. This will include comparisons/discussions among the NC and SU survey groups.

Future Purchasing. Three questions are analyzed in this section. The first question (see Figure 5.4) was asked to the SU survey group. “Over the next five years, do you feel your customer base will increase significantly, increase slightly, remain the same, decrease slightly, or decrease significantly.” The second and third questions (see Figures 5.5 and 5.6) were asked of the NC and CC survey groups exclusively. The second question is as follows: “I expect to decrease my purchase of seed corn from a locally-owned seed company in the near future.” The third question is identical except the word decrease is replaced with the word increase.

Results: The SU group is very optimistic that their customer base will increase, whether slightly or significantly (see Figure 5.4). These two choices represent nearly 88 percent of all responses received with the remaining 12 percent split among remain the same and decrease slightly. In Figure 5.5, the majority of the NC group is neutral (58%) when asked whether they were going to decrease their purchase of seed corn from a locally-owned seed company. The remaining responses are varied with a slight imbalance towards somewhat disagree and
strongly disagree. In Figure 5.6, the NC and CC groups were asked the same question except the word decrease was replaced with the word increase. The same pattern that appears in Figure 5.5 also appears in Figure 5.6. In the NC group, 55 percent of all respondents are neutral. The remaining responses are evenly balanced among the remaining responses.

What does it mean: The SU group is clearly optimistic their customer base will increase, but there is a great number of corn growers (NCs) who are undecided as to whether to increase or decrease their purchasing from locally-owned seed companies in the future. This indicates potential for growth since the respondents in the neutral category may still be “sold” on the benefits of purchasing seed corn from a smaller, locally-owned seed company. If the smaller, locally-owned seed companies are not aggressive, these same corn growers in the neutral category could be quickly lost to larger competitors.
Figure 5.5. I Expect to Decrease My Purchase of Seed Corn From a Locally Owned Seed Company in the Future.

Figure 5.6. I Expect to Increase My Purchase of Seed Corn From a Locally-Owned Seed Company in the Near Future.
Present Purchasing. In this section, two questions are analyzed. The first is asked only of the SU group: “If you were to contact 100 corn growers (non-customers), what percentage would tell you they purchase at least a small amount of seed corn from a locally-owned seed company?” The second question (see Figure 5.7) is asked of the NC and CC survey groups, “What percentage of your seed corn is purchased from a locally-owned seed company?”

![Figure 5.7: What Percentage of Your Seed Corn is Purchased From a Locally-Owned Seed Company?](image)

Results: The SU survey group indicates 59 percent of 100 NCs asked would indicate they purchase at least a small percentage of their seed corn from a locally-owned seed company. In this context, non-customers simply means “not their current customers.” The NC group indicates that only 15 percent of their seed is purchased from a locally-owned seed company (see Figure 5.7).

What does it mean: Once again, the SU group is showing optimism that a small majority of corn growers, if asked on a random basis, do purchase from a locally-owned seed company. The results indicate otherwise. The NC group, as indicated by their 15 percent
response, is currently purchasing a great majority of seed corn from non-local seed corn companies. The reader must be careful when interpreting the responses from the SU group and the CC/NC groups. The questions are similar in meaning, but are not the same. The difference is: the SU group is responding that 59% of 100 non-customers use at least a small amount of seed corn from a small seed corn company. The CC and NC responses indicate what percentage of their seed corn is purchased from a locally-owned seed company.

**Past Purchasing.** In this section, two questions are asked of the CC and NC survey groups. Question 1 focuses upon purchasing preference within the last five years, “In the past 5 years, have you purchased seed corn from a locally-owned seed company” (see Figure 5.8). Question 2 is potentially more revealing and shows how well the small seed corn companies have been reaching corn growers, specifically the NC group, “In the past year, have you been asked to purchase seed corn from a locally-owned seed company” (see Figure 5.9)?

**Results:** Just under half (48%) of the NC group indicate they had purchased seed corn from a locally-owned seed company in the past five years. Within the past year, 58 percent of this same group had been asked to purchase seed corn from a locally-owned seed company.

**What does it mean:** The 48 percent of the NC group which had purchased in the past five years is consistent with the results so far. Referring back to Figures 5.5 and 5.6, the NC group exhibited a large amount of “neutral” purchasing practices. They were not sure whether their purchasing from locally-owned seed suppliers was going to increase or decrease in the future. This base of NCs who respond “neutral” in Figures 5.5 and 5.6 could
possibly be the same base of NC respondents (52%) who have not purchased from locally-owned seed companies in the past five years. Their neutrality could be caused by their lack of experience purchasing from locally-owned suppliers. In Question 2, 42 percent of all NCs surveyed indicate they had not been asked to purchase seed corn from a locally-owned seed
company (see Figure 5.9). If accurate, the seed companies focused in this study are not aggressively contacting a large number of corn growers.

**Marketing Attributes: Overview**

All three survey groups were asked to evaluate the following areas as to the advantages small seed corn suppliers have over large seed corn suppliers: *research capability, lower prices, product performance, friendly service, services offered, information provided, convenience/location, and other*. This section provides a broad overview of seed corn supplier attributes and their importance before moving on to analyzing individual marketing attributes later in this study.

Figure 5.10 contains the eight primary marketing attributes as indicated by the seed corn suppliers and the subsequent responses by both corn grower survey groups. The survey question is not a ranking whereby the survey respondents were only allowed to choose one answer. They could choose all of the attributes if they felt the small seed corn suppliers have an advantage or none of the attributes if they felt no advantage(s) were present. Each survey group was asked the following question, “In what areas do you feel the minor suppliers of seed corn have an advantage over the major suppliers of seed corn when marketing their product to the corn grower?”

**Results:** In the first category, *lower prices*, the NC and SU group gave similar responses, 78 percent and 79 percent. In the second category, *friendly service*, only 45 percent of the NC group felt this was an advantage while 79 percent of the SU group responded favorably. In the third category, *convenience/location*, only 43 percent of the NC group felt this was an advantage while 79 percent of SUs answered favorably. The fourth category, *services*
offered, was seen as an advantage by 18 percent of NCs and 65 percent of SUs. The fifth category, product performance, is viewed as an advantage by 30 percent of the NCs and 47 percent of the SUs. The sixth category, information provided, is viewed as an advantage by 14 percent of the NCs and 38 percent of the SUs. The seventh category, research capability, is seen as an advantage by only 8 percent of the NCs and 17 percent of the SUs. The last category, other, was not answered by the NC group, but one SU respondent answered “flexibility.”

What does it mean: Predictably, the SU survey group rates itself higher in each category (minus “other”). The NC and SU groups responded closely in only one category, lower prices. There is agreement that locally-owned seed companies have an advantage over major suppliers of seed corn concerning lower prices of seed corn. The next three categories; friendly service, convenience/location, and services offered are all seen as an advantage by the SU group (all responses over 65 percent), but the NC group does not exhibit the same enthusiasm (all responses under 45 percent). The SU group could be overestimating how the average corn grower “perceives” their marketing attributes which they (SUs) see as primary advantages.

The final three categories; product performance, information provided, and research capability are not viewed as advantages by either the SU or NC group. The SUs have a problem. In most major categories, the marketing attributes they perceive as advantages are not perceived as advantages by the NCs.

Using the same seven categories as depicted in Figure 5.10, minus other, all three survey groups were asked the following question, “Referring back to the choices in Survey
Questions 6 and 10, your company’s strongest selling point is?” The SUs were rating their own company and the NC and CC groups were rating their primary supplier of seed corn. Each survey respondent was asked to give only one answer, the “strongest selling point.”

Results: Table 5.1 represents the breakdown of the ranking exhibited by each survey group beginning with seed corn supplier. Once again the focus is upon the SU and NC responses. When asked for only the strongest selling point, both the NCs (37%) and SUs (44%) list *product performance* as the top answer for their respective companies.

![Figure 5.10. Perceived Seed Corn Marketing Attributes](image)

*Figure 5.10. Perceived Seed Corn Marketing Attributes*
After that, the SUs view *friendly service* and *services offered* as the strongest selling points, 20 percent and 18 percent. The second and third choices for the NCs are *lower prices* and *research capability*, 25 percent and 14 percent. The bottom two choices for both groups are *convenience/location* and *information provided*.

*What does it mean:* SUs view their strongest selling points as *product performance*, *friendly service*, and *services offered*. *Lower prices*, *research capability*, *information provided*, and *convenience/location* of the seed company are not viewed as strong selling points. For the NCs, the strongest perceived selling points of their seed corn suppliers are *product performance* and *lower prices*.

The key areas of improvement for the SUs seem to be emphasis of their: lower seed corn prices, friendly service, and services offered. As indicated earlier in the study, the NC group purchases only 15 percent of their seed, on average, from a locally-owned seed company. The majority (85%) of their seed corn is purchased from sources other than locally-owned seed companies, assumed to be major suppliers. The number of NC respondents who indicate *lower prices* is their company’s strongest selling point is significant (25%). Many corn growers may not realize that seed corn from locally-owned seed companies is priced lower. The majority of NCs believe that the current price paid for seed corn is good, but may not know it is lower in other places. *Friendly service and services offered* both received a low rating by the NCs as a strong selling point of their current seed corn suppliers. This could be an opportunity for the locally-owned suppliers to shine.
Table 5.1. Seed Corn Suppliers’ Strongest Selling Point (In Percent)

<table>
<thead>
<tr>
<th>Seed Corn Supplier</th>
<th>Non-Customer</th>
<th>Current-Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Performance</td>
<td>44</td>
<td>37</td>
</tr>
<tr>
<td>Friendly Service</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Services offered</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Lower prices</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Research capability</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Information provided</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Convenience/location</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Product Performance/Information/Services

The next three categories have been grouped into one area under the heading Product Performance/Information/Services. The survey questions allocated to these areas are closely associated and overlap at times. Product Performance is the first focus area.

Product Performance

Product performance is an important piece of the purchasing puzzle. Figure 5.11 depicts the importance of product performance. All survey groups were asked the same question, “Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn.”

Results: All of the SUs (100%) rated product performance as often or always important. The same pattern is depicted by the NC group. Nearly 100 percent of the NCs (95%) rated
product performance as *often* or *always* important.

**What does it mean:** Product performance is the most important marketing attribute to corn growers when they purchase seed corn.

**Information**

In this section, the importance of *information provided* is analyzed in addition to many various *sources of information* for their usefulness to corn growers when deciding which brand of seed corn to purchase.

All three survey groups were asked the same question, "Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn" (see Figure 5.12).
Results: The NC and SU groups both feel information provided is important to corn growers purchasing decisions as evidenced by their responses. Over three quarters (76%) of the SU group and 77 percent of the NC group rated it as *often* or *always* important. Within these two categories, *often* and *always*, the breakdown is uneven as depicted in Figure 5.12.

What does it mean: The importance of *information provided* is evidenced by the responses given by the NC and SU groups. Corn growers feel that the information provided to them is important and suppliers should not underestimate this importance. Gauging by the supplier’s response, they do not.

Figure 5.12. Importance of: Information Provided

“How useful do you feel the following sources of information are for the corn grower when deciding which brand of seed corn to purchase,” is the next important *information* question. All survey groups were asked to evaluate the following sources of information: extension/universities, company publications, salespeople, technical specialists, independent
consultants, local dealers, farmer meetings/field days, direct mail, radio, newsletters, general farm publications, and other farmers.

**Extension/Universities**

There is an extensive amount of information provided by the local extension offices and land-grant universities. Both can be a valuable source of unbiased information and the cost of the information is usually minimal and the material very current.

**Results:** The NC responses are weighted towards *somewhat and often* (69 %) with the SU responses showing the same pattern (81 %) (see Figure 5.13). Both agree that the top answer is *sometimes*; 39 percent for the NC and 47 percent for the SU.

**What does it mean:** Extension/Universities are seen as an important source of information most of the time. Less than 20 percent of NCs and SUs feel they are *never or seldom* useful.

**Company Publications**

Seed corn companies publish material designed to: (a) help the corn grower become a better operator by providing timely agronomic information which will either increase productivity and/or net income, or (b) promote current seed corn hybrids in the hopes of increasing future sales.

**Results:** The great majority of both groups (NC - 81% and SU - 85%), feel company publications are *somewhat and often* useful (see Figure 5.14). The remaining responses are weighted towards *always*.

**What does it mean:** Company publications are viewed as an important source of useful information to corn growers when deciding which brand of seed corn to purchase.
Salespeople

Their primary responsibility is to promote the seed corn company’s hybrids. Their role has evolved from “sales only” to “sales consultant.”

Results: Nearly one-quarter of NCs and SUs agree that salespeople are *always* an important source of information, but disagree whether they are *often* an important source of information (NC - 37%, SU - 70%) (see Figure 5.15). The disagreement extends into the response of *sometimes*. SUs view salespeople as *sometimes* an important source of information only 6 percent of the time, and NCs 32 percent of the time.

What does it mean: The top one-quarter of survey respondents for both groups (NC and SU) agree that salespeople are *always* an important source of information.
Figure 5.14. Company Publications are a Useful Source for Information

Figure 5.15. Salespeople are a Useful Source of Information
As we move into the *often* category, SUs are overestimating how salespeople are viewed in the eyes of corn growers. Corn growers are not as optimistic that salespeople are *often* going to be a useful source of information. There is clearly a difference of opinion in the *often* and *sometimes* responses. SUs should re-evaluate what information the salespeople are carrying to the corn growers and the manner it is being presented.

**Technical Specialists**

These individuals are employed by the seed corn company and provide agronomic information to the corn grower. A seed corn company will typically have an agronomist or crop consultant in this position.

**Results:** The great majority (NC - 88% and SU - 97%) agree that technical specialists are a useful source of information *sometimes, often, or always* (see Figure 5.16). Within these three categories, NCs view them as *always* more useful 21 percent of the time versus only 6 percent for the SUs.

**What does it mean:** When corn growers have a particular problem concerning a seed corn hybrid, they look to the seed corn supplier for an answer and the results are indicative of this. Technical specialists are a very useful source of information in the eyes of both groups, NC and SU.

**Independent Consultants**

Not everyone who offers agronomic information is employed by seed companies. Many individuals offer various agronomic services for a fee. This may include scouting for weeds or pests, or testing the soil for present fertility levels.
Results: The NC group is mixed in their response (see Figure 5.17). Approximately one-third (40%) view independent consultants as *seldom* to *never* useful as a source of information. In these same categories, only 18 percent of the SUs view independent consultants as *seldom* to *never* as a useful source of information. In the top two categories, *often* and *always*, only 28 percent of the NCs responded favorably while nearly half (47%) of the SUs responded favorably.

What does it mean: Clearly, the NCs view of independent consultants are weighted towards the negative, while the SUs view is weighted towards the positive when viewed as a useful source of information. Many times, independent consultants duplicate the services of technical specialists. The poor view exhibited by the NCs could be because currently they
can obtain many of the same services an independent consultant is offering for a fee, free from a technical specialist as long as they are a customer, i.e. purchase seed from them.

**Local Dealers**

The local dealers are the individuals actually selling the various hybrids directly to the corn growers. They have extensive knowledge about each hybrid.

**Results:** The SUs rate themselves very high as a useful source of information (see Figure 5.18). In the top three categories: *sometimes, often, and always*, SUs provide a combined response of 85 percent, while the NCs provide a combined response of 88 percent. In the category of *always* only, the NCs' response is higher (27%) than the SUs (3%).

**What does it mean:** Overall, the local dealers are viewed positively as a useful source of information by both groups. The SUs may overestimate how much importance is placed upon them by the NCs.
Farmer Meetings/Field Days

One of the best ways to showcase hybrids is to promote them. Often a seed corn dealer will invite many current and potential customers to either a meeting to discuss new hybrids or a field day designed in order for the corn growers to physically compare various hybrids.

Results: In the top two “favorable” categories often and always, NCs respond favorably (69%) while SUs do not share the favorable opinion as enthusiastically (38%) (see Figure 5.19). Nearly one-quarter (47%) of all responses for the SUs fall into the somewhat category, while only one-quarter (25%) of all NC responses fall into this same category.

What does it mean: Corn growers view farmer meetings/field days as a much more useful source of information than do SUs. This could be an opportunity for locally-owned seed companies to focus marketing efforts in order to showcase their products and services.
Figure 5.19. Farmer Meetings/Field Days are a Useful Source of Information

Direct Mail

Another common method of promotion is direct mail. It could involve product information sent directly from the seed corn company, the dealer, the agronomist, or the area sales manager.

Results: The majority of responses for the NCs (69%) and the SUs (88%) are directed towards two categories; seldom and sometimes (see Figure 5.20). The lowest responses for both groups lay in the extremes; always and never.

What does it mean: Direct mail is not a significant avenue to spend marketing dollars. Many times direct mail is associated with junk mail. Direct mail does not have the personal touch associated with a phone call or face-to-face visit.
Radio

Many agribusinesses, including seed corn companies, advertise extensively on the radio. Most often, the commercials tout current yield results or new, exciting hybrids for the upcoming growing season.

Results: The great majority (85%) of SUs view the radio as a useful source of information into the categories of seldom or sometimes (see Figure 5.21). The remaining 15 percent are split among never and often. The NC group exhibits a wider range of answers. The majority (63%) of responses are located between seldom and sometimes, but the remaining (37%) is split among never and often. The NC group’s responses are more negatively weighted than the SU group.

What does it mean: Neither group is convinced radio is a useful source of information. The NCs show a greater disdain for the radio as an effective source of information than the
SU group. This could be the result that most agribusiness radio advertisements are aimed at farmers in order to sway their purchasing decision.

Newsletters

Many agribusiness input suppliers and seed companies are publishing monthly or quarterly newsletters aimed at all growers.

Results: The overwhelming majority of SUs (91%), view newsletters as somewhat or often useful as a source of information for corn growers when deciding which brand of seed corn to purchase (see Figure 5.22). This view is not shared by the NC group. Only 58 percent view newsletters as somewhat or often useful. More than one-third (35%) of the NC responses fall into the never or seldom category.
What does it mean: Unfortunately for the SUs, the NCs view newsletters in a similar context as direct mail. The importance of this marketing tool may be overstated by the SU group.

General Farm Publications

Wallaces Farmer, Successful Farming, and Iowa Farmer Today are all examples of general farm publications. For the most part, the articles are timely and unbiased.

Results: The majority of both survey groups (NC and SU) respond favorably to general farm publications as a useful source of information (see Figure 5.23). Between the categories sometimes and often, 85 percent of the SUs responded and 74 percent of the NCs. In the category of seldom, NCs responded 19 percent and SUs 12 percent. The extremes, never and always, were not well represented by either group, NC or SU.
What does it mean: The results are not surprising. General farm publications, for the most part, are filled with unbiased information, excluding advertisements. Usually, the articles cover a wide array of topics and the corn grower/supplier chooses, by ordering a subscription, whether a general farm publication arrives in their mailbox.

Other Farmers

Many farmers rely upon their neighbors for agronomic and hybrid information. There is usually a great deal of trust and respect between farmers and information is shared freely, especially about what is working or not working.

Results: SUs view other farmers as a useful source of information as evidenced by their 91 percent response between the categories sometimes and often (see Figure 5.24).

Figure 5.23. General Farm Publications are a Useful Source of Information
NCs also share this view (75%), but 19 percent respond that other farmers are *always* a useful source of information.

**What does it mean:** Both groups (NC and SU) view *other farmers* as a useful source of information, but it is not a surprise nearly one-fifth of the NC group responded *always.*

Many farmers will wait until other farmers try a new herbicide or corn hybrid which has just arrived upon the market. In addition, if a neighbor has a good producing yield, more often than not, he/she is willing to share the good news. Also, other farmers are viewed as an unbiased source of information, i.e. “not trying to sell me.”

**Services**

This section covers the importance of services offered, the importance of service when compared to price, the amount of services and information currently provided to corn growers, the need for an increase in the amount of services and information, and a supplier’s “service after the sale” report card.

![Figure 5.24: Other Farmers are a Useful Source of Information](image)
All survey groups were asked to “Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn (see Figure 5.25).”

**Results:** Both groups, NC and SU, responded favorably (79%) to the following categories; *always* and *often*. Within the same categories, the division was mixed with the NCs giving more weight to *always* and SUs giving more weight to *often*. The percentages were nearly identical in responding to *somewhat*.

**What does it mean:** Services offered is clearly important to SUs and NCs.

![Figure 5.25. Importance of: Services Offered](image)

The following question was asked to all survey groups, “Services provided to corn growers are more important to them than price when they purchase seed corn (see Figure 5.26).” The respondents were asked to allocate 100 percent among five different responses: *strongly disagree, somewhat disagree, neutral, somewhat agree, or strongly agree.*
Results: The SU group answers are heavily weighted towards somewhat agree and strongly agree (71%) with the remaining 29 percent fairly divided among neutral and somewhat disagree. The NC group answers are more evenly spread. Between the responses somewhat agree to strongly agree, the total response is only 44 percent (versus 71 percent for the SUs). Just over one-quarter (27%) of NCs view negatively, strongly disagree or somewhat disagree, that services provided to corn growers are more important to them than price when they purchase seed corn.

What does it mean: The SUs may be wrong in their assumption that corn growers are service-oriented first, price-oriented second. The importance of price to NCs can not be understated. To categorize NCs as leaning to one extreme or another is not possible based upon this question alone.

Figure 5.26. Services Provided to Corn Growers are More Important to Them Than Price When They Purchase Seed Corn.
Figures 5.27 and 5.28 will be discussed together due to the familiar theme in each of the charts. SUs were asked to evaluate the following statement, “My seed corn customers are satisfied with the amount of information and services provided to them.” SUs were asked to allocate 100 percent between the following answers: **strongly agree, somewhat agree, neutral, somewhat disagree,** and **strongly disagree** (see Figure 5.27). NCs and CCs were asked the following yes/no question, “Are you satisfied with the amount of information and services provided by your seed corn supplier” (see Figure 5.28)?

**Results:** Just over two-third (70%) of the SUs answered **somewhat agree,** with the remaining percentage fairly split between **neutral** and **somewhat disagree.** The NCs responded overwhelmingly (93%) to the **yes** response when asked if they are satisfied with the amount of information and services provided by your seed corn supplier.

**What does it mean:** There would appear to be a strong relationship between the SU and NC groups answers, with the NC group extremely satisfied. Figure 5.29 depicts the responses of the SU group when asked to evaluate the following statement, “My seed corn customers feel the amount of information and services provided to them should be increased.” They were asked to allocate 100 percent among five possible answers: **strongly disagree, somewhat disagree, neutral, somewhat agree,** and **strongly agree.**

In Figure 5.30 are the **yes/no** responses to the following question which was posed to the NC and CC survey groups, “Should the amount of information and services provided by your seed corn supplier be increased?”

**Results:** SUs feel their customers are looking for more information (68 percent answered **somewhat agree or strongly agree**). Only 23 percent are neutral in their responses.
Figure 5.27. My Seed Corn Customers are Satisfied With the Amount of Information and Services Provided to Them.

Figure 5.28. Are You Satisfied With the Amount of Information and Services Provided by Your Seed Corn Supplier.
The picture for the NCs is different. Just over two thirds of the NCs (70%) answered no, the information and services do not need to be increased.

What does it mean: Corn growers are being inundated with information, primarily through the mail. The feeling among corn growers could be: increase the quality of information and services, but do not increase the quantity.

The last Figure (5.31) depicts the results to the following statement asked of all survey groups, “As far as “service after the sale”, I would give my seed company a grade of:” The response choices were A, B, C, D, and F.

Figure 5.29. My Seed Corn Customers Feel the Amount of Information and Services Provided to Them Should Be Increased.
Figure 5.30. Should the Amount of Information and Services Provided by Your Seed Corn Supplier Be Increased.

**Results:** Both responses, SU and NC, were favorable overall. The NCs were more generous, ranking 91 percent of their seed company’s “service after the sale” in either the A or B range. Predictably, the SUs responded with 79 percent indicating a grade of A or B in these same two categories. The remaining responses for both groups fall into the C category with no responses in the D or F range.

**What does it mean:** The SUs and NCs both view seed companies as offering above average “service after the sale.” Surprisingly, the NCs overall favorable response is higher than the SUs. This question/statement by itself is not a good indicator of potential marketing problems exhibited by locally-owned seed companies.

**Price**

The price of seed corn is not an intangible attribute such as information provided, for example. Most seed companies will offer a pricing guide which not only lists the individual
price of a hybrid, but also all applicable volume and cash discounts. The perception is: smaller, independent seed corn companies (SISCCs) offer a lower priced product because the quality and product performance is lacking. This may or not be fair, but it is up to the corn grower to investigate further. Lower prices may be the result of: less overhead, purchasing their (seed corn supplier) hybrid technology versus providing their own research, efficient marketing, etc. Each seed corn supplier is different and should not be dismissed simply because “their prices are lower so the seed must be inferior.”

In this section, we will examine: (a) the importance of price, (b) the idea of charging separately for products, services, and information, and (c) whether corn growers expect to pay for services and information that are currently provided free.
“Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn (see Figure 5.32).” All survey groups were asked to choose one answer from the following responses: never, seldom, somewhat, often, or always.

Results: The SUs response is heavily weighted towards somewhat (62%) and often (29%). The NCs response is spread among somewhat (40%), often (26%), and always (34%).

What does it mean: The price of seed corn is clearly important to corn growers when purchasing seed corn. The degree of importance between the SU and NC groups varies. The 62 percent somewhat response by the SUs could be the result of “price” traditionally is not perceived as an advantage of locally-owned seed companies. As a result, the SUs could be overestimating the importance of price in the corn growers’ purchasing decision. As evidenced by the 34 percent always response, over one-third of NCs believe price is extremely important. The bottom line is that price is very important to corn growers. If locally-owned seed corn suppliers are aggressive in their marketing efforts to dispel some common pricing fallacies, the importance of price to corn growers could be an advantage in the future.

The next question is concerned with the separate pricing of products, services, and information (see Figure 5.33). All survey groups were asked to evaluate the following statement, “I think suppliers of seed corn should charge separately for products, services, and information.”

Results: The overall response by both groups is negative. The majority of the SUs response is split between strongly disagree, somewhat disagree, and neutral.
The majority of the NCs response is split between strongly disagree (45%), somewhat disagree (23%), and neutral (19%).

**What does it mean:** The overall responses clearly indicate that suppliers of seed corn should not charge separately for products, services, and information. Predictably, the NC group is weighted towards “disagree” more so than the SU group. Corn growers expect the services and information provided by the supplier to be included in the cost of the product, the seed. As these peripheral services become more expensive i.e., hiring more knowledgeable employees, up-grading technology, etc., the cost must be absorbed into the price of seed. Currently, corn growers want both: fair prices and excellent service (including information). As the services and information distributed become more extensive and complex, this may not be possible. This probably accounts for the discrepancy in answers between the two groups.
The last question in this section ties into the previous question and provides more insight into the problem of balancing fair prices and the increasing need for more services and information (see Figure 5.34). All groups were asked to evaluate the following statement, "In the future, I expect to pay for services/information that is currently provided free."

**Results:** Once again the same negative pattern is exhibited in this question as in the last question. The majority of responses are located in the strongly disagree (NC-35% SU-23%), somewhat disagree (NC-27% SU-29%), and neutral (NC-19% SU-32%).

**What does it mean:** Nearly two-thirds of all NCs responding do not expect to pay for services/information that are currently provided free of charge. The corresponding SU response is just over one-half. The same problem arises. Services and information are
becoming increasingly complex and the volume is increasing. In addition, corn growers are expecting the volume to increase to meet their needs. Will the corn grower be willing to have this increased cost included in the price of seed corn in the future if not charged for separately? This is a very tough problem.

Promotion

How important is promotion? For each seed corn supplier, the answer is going to be different depending on factors/marketing attributes being analyzed in this study. In this section, the following questions concerning promotion will be analyzed: (a) the importance of extras/gifts provided in the initial purchase, (b) the importance of extras/gifts provided in the repeat purchase, (c) receiving a nice gift and having the supplier pass the cost on to the corn grower through higher prices, and (d) the importance of being associated with a high profile seed company.

All survey groups were asked to evaluate the importance of extras/gifts provided in the (a) initial purchase of seed corn (see Figure 5.35), and (b) repeat purchase of seed corn (see Figure 5.36).

Results: The responses given for both statements were nearly identical within both groups. When compared against each other (SU vs. NC), the same relationship is not present. Nearly 80 percent of the NCs feel that extras/gifts provided in the initial or repeat purchase of seed corn are never or seldom important in their purchasing decision. Within these same two categories less than 65 percent of SUs view extras/gifts as never or seldom important. Nearly one-third of SUs feel they are somewhat important, while less than one-sixth of NCs feel extras/gifts are somewhat important.
Figure 5.34. In the Future, Corn Growers Expect to Pay for Services/Information that are Currently Provided Free.

Figure 5.35. Importance of: Extras/Gifts Provided in the Initial Purchase
What does it mean: The SUs are placing more emphasis on providing extras/gifts in the initial and repeat purchasing of seed corn than is necessary. Judging by the majority of NCs responses, extras/gifts are not important. It could be that other factors are more important such as price, product performance, and service, to name a few. Only a very limited amount, if any at all, of marketing dollars should be utilized in this area.

Next, the NC and CC groups were asked the following question, “If I were to receive a nice gift such as a jacket, I would expect my supplier to pass that cost on to me through higher prices (see Figure 5.37).”

Results: The responses are mixed. The largest percentage of answers fall into the strongly disagree category (31%), but among the four remaining choices the answers range from 14 percent to 22 percent.

What does it mean: By itself, this question is of little research value. With the responses spread over all five categories, a viable conclusion is not possible. The reader should be careful in examining this question on its own, but instead, encompass it with other results in this study. With a larger survey group, a viable conclusion could possibly be made.

The last question in this section concerns the importance of associating with a high profile seed corn company (see Figure 5.38). All survey groups were asked to evaluate the following statement, “Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn.”

Results: The SU group clearly indicates that the association with a high profile seed company is important to corn growers (somewhat 21%, often 71%). The NC group indicates this is not a primary reason for purchasing seed corn.
Their responses are spread fairly evenly across all five responses with the highest response (29%) in the category of *seldom*.

**What does it mean:** The association with a high profile seed company is not a primary consideration in the corn growers’ purchasing decision, per the NCs response. The SUs currently believe the contrary is true. This opens up a window of opportunity for locally-owned seed corn suppliers; particularly the ones who blame their lack of past success simply upon not being “high profile.”

**Distribution**

How important is it to corn growers that their primary seed corn supplier be close by? Does distance matter as long as the product and service is good? In this section, two questions are asked to all survey groups which should provide a better understanding of the importance of seed corn supplier location.
Figure 5.37. If I Were to Receive a Nice Gift Such as a Jacket, I Would Expect My Supplier to Pass that Cost On to Me Through Higher Prices.

The first statement was asked of all survey groups, “Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn (see Figure 5.39).”

Results: The responses were mixed. Nearly two-thirds (62%) of the SU respondents and just over one-third (34%) of the NC respondents responded somewhat. This category is the leading response for both groups. At this point, the SU response was spread slightly as seldom and often both responded 15 percent. For the NC respondents, the balance of responses were fairly evenly spread among the remaining four responses, not indicating a true bias such as the SU group is showing.
What does it mean: The NCs indicate no bias towards importance or unimportance towards the location of the seed company. As long as their purchasing needs are met, convenience/location of the seed corn supplier is secondary.

The second statement to be analyzed in this section is as follows, “Whenever possible, I like to purchase from the nearest seed corn dealer/company” (see Figure 5.40).

Results: Once again the responses are mixed between the two groups, NC and SU. Nearly three-quarters (73%) of SUs indicate they strongly to somewhat disagree with this statement. The NC response is spread among all five responses not indicating a strong bias. The percentages range from a low of 10 percent to a high of 27 percent. Only 31 percent of the responses are allocated towards strongly to somewhat disagree.

What does it mean: The SUs feel that supplier location does not matter in the purchasing decision. They may be correct.

![Figure 5.38. Importance of: Association With a High Profile Seed Corn Company](image)
The NCs response is too mixed to base a conclusion, but it is certainly an area in which corn growers do not have definite feelings to either response extreme.

**People**

This section is devoted towards a few good questions on the topic of salespeople and their importance, specifically salespeople working for seed corn suppliers. The focus is on (a) the importance of salespeople, (b) salespeople as a source of information, and (c) whether salespeople are too biased to provide useful information.

Figure 5.41 provides the results to the following statement asked of all survey groups, “Good agricultural salespeople are an important source of information.” Respondents were asked to allocate 100 percent among the following responses: *strongly disagree, somewhat disagree, neutral, somewhat agree,* and *strongly agree.*

**Results:** All (100%) of SUs indicate they *somewhat to strongly agree* that good agricultural salespeople are an important source of information.

![Figure 5.39. Importance Of: Convenience/Location Of The Seed Corn Company](image-url)
The NCs also agree (somewhat to strongly - 81%) with this statement. The remaining percentage for the NC group is spread among the other three available answers.

**What does it mean:** Good agricultural salespeople are an important source of information as indicated by the SU and NC responses. Salespeople are the link from the seed corn supplier to the corn grower. A majority of the information provided by the seed corn supplier will be provided by the salespeople.

Are corn growers relying more and more upon salespeople for information? This was the question posed to both groups of corn growers (see Figure 5.42).

**Results:** The NC groups response is mixed with a balance towards somewhat to strongly agree (combined 44%). At the other end of the spectrum, strongly to somewhat disagree, the responses combined were only 27 percent. The remaining (29%) are neutral.
What does this mean: The assumption is that nearly half (44%) of all corn growers will rely more and more upon salespeople for information. As the information increases and becomes more technical in nature, as it has in the past five years, corn growers are going to rely more upon salespeople for their information needs. Much of this push will be caused by: increased governmental regulations, environmental regulations, and consumer wants.

Figure 5.41. Good Agricultural Salespeople are an Important Source of Information

The last question of the study to be reviewed concerns the thought that agricultural salespeople are too biased to provide useful information (see Figure 5.43). Both corn groups were asked to evaluate this statement.

Results: The responses will please all of the seed corn suppliers. Nearly nine of ten NCs (86%), answered either strongly disagree, somewhat disagree, or neutral.
Figure 5.42. I Find I am Relying More and More On Salespeople for Information and Advice - Corn Growers Response Only

Figure 5.43. Ag Sales People are too Biased to Provide Useful Information
What does this mean: Salespeople are biased in favor of the product they are selling. The key word is “too biased.” The best salespeople will put the corn grower’s needs ahead of making a quick sale on a product which may not work well for that particular corn grower. The salespeople who locate this appropriate mix (between being too biased and offering good, honest information) are the professionals who are looked upon highly in the community as a good source of information.

Research Questions

Before implementing an effective and progressive marketing plan, a SISCC must have a good grasp of the corn growers’ seed corn purchasing criteria; what is important and not important in the purchasing decision?

1. When a farm operator is preparing to purchase seed corn, which marketing attributes of the product and the seed corn company are the most important in his/her purchasing decision? The least important?

The two most important marketing attributes to corn growers when preparing to purchase seed corn are product performance and services offered. Nearly all NCs surveyed (95%) responded that product performance is either often or always important. For services offered, the pattern is similar. Nearly all NCs surveyed (79%) responded that services offered are either often or always important.

The two least important marketing attributes to corn growers when preparing to purchase seed corn are promotion and distribution of the product. Nearly all NCs surveyed feel that extras/gifts provided to them in the initial purchase or repeat purchase of seed corn are never or seldom important (82% initial, 87% repeat). For distribution of the product, the responses
are mixed concerning the importance of: (a) being associated with a high profile seed company, and (b) convenience/location of the seed company. The responses are spread fairly evenly among all of the available answers; never, seldom, somewhat, often, and always.

2. When an independent, family or locally-owned seed corn company (SISSC) is marketing its product to the farm operator, which marketing attribute(s) does it view as important to the corn grower when purchasing seed corn? Not important?

The two most important marketing attributes viewed as important to corn growers when purchasing seed corn are product performance and services offered. All of the SUs surveyed (100%) responded product performance is often or always important. For services offered, the pattern is similar, but not as dominant. Nearly all SUs surveyed (79%) responded that services offered are often or always important in the corn grower’s purchasing decision.

The two least important marketing attributes to corn growers when purchasing seed corn (per the SU responses) are promotion and distribution of the product. Nearly two-thirds of the SUs feel that extras/gifts provided in the initial purchase or repeat purchase of seed corn are never or seldom important (65% initial, 59% repeat) to corn growers in their seed corn purchasing decision. For distribution of the product, the responses are weighted towards somewhat and often concerning the importance of (a) being associated with a high profile seed company, and (b) convenience/location of the seed company.

3. Are the marketing areas of emphasis of the subject seed corn suppliers compatible or non-compatible with the needs of the corn growers surveyed (NC group only) when they are preparing to purchase seed corn?
The marketing attributes of product performance, information provided, services offered, price of the product, promotion, distribution, and people will be discussed. Hopefully, it can be determined which marketing attributes (or parts of the marketing attributes) are similar or dissimilar for both survey groups, NC and SU.

**Product Performance.** This area is viewed as extremely important to corn growers when purchasing seed corn by both the NCs and the SUs. The dissimilarity is only 5 percent between responses; 100 percent *often* or *always* important for the SUs and 95 percent *often* or *always* important for the NCs. The NCs and SUs are similar in their view of product performance and the role it plays in the corn grower’s purchasing decision.

**Information Provided.** Both groups (SU-76% and NC-77%) believe that the amount of information provided is *often* or *always* important to corn growers when purchasing seed corn. As far as sources of information, in general, both survey groups agree the following sources of information are important (similar to both groups, SU and NC) to corn growers when purchasing seed corn: extension/universities, company publications, salespeople, technical specialists, local seed corn dealers, farm publications, and other farmers. The following sources of information are viewed less favorably by both groups: direct mail and radio. There is disagreement (dissimilar between the NCs and SUs) concerning independent consultants, farmer meetings/field days, and news letters. This dissimilarity is explained further.

Nearly one-half (47%) of all SUs view independent consultants as *often* or *always* important as sources of information. The NCs view independent consultants as *often* or *always* important only 28 percent of the time. Conversely, the NCs view independent
consultants as *seldom* or *never* important 40 percent of the time versus only 18 percent for the SU group. The discrepancy could be a matter of cost and convenience. Typically, an independent consultant offers services for a fee that are duplicated by technical specialists employed by seed corn suppliers. As long as the farmer is a customer, the information provided by the technical specialist is not billed separately. It is included in the cost of the product.

Nearly seven of ten (69%) NCs view farmer meetings/field days as *often* or *always* important as sources of information. This is a time to view a supplier's new products and converse with company personnel and other farmers. Only 38 percent of the SUs view farmer meetings/field days as *often* or *always* important. Farmer meetings/field days are excellent avenues of exposure and should not be over-looked by the SUs.

What is too much information? Most seed corn suppliers publish a newsletter, either monthly or quarterly, and mail it to current and potential seed corn customers. This is thought to be an advantageous source of information for corn growers when purchasing seed corn by 91 percent (*sometimes* or *often*) of the SUs. This enthusiasm is not shared by the NCs.....only 58 percent believe newsletters are *sometimes* or *often* important. Over one-third (35%) of the NCs view newsletters as *seldom* or *never* important.

**Services Offered.** Both survey groups agree that the amount of services offered to corn growers is important in their purchasing decision. Seven of ten SUs (70%) respond that the amount of information and services provided to their seed corn customers is satisfactory. This does compare favorably with the NC response. Almost 93 percent answered *yes*, they are satisfied with the amount of information and services provided to them. The two groups
are satisfied with the amount of services and information provided (similar). Should the amount of information and services be increased? There is disagreement. This dissimilarity is explained further.

Over two-thirds (68%) of the SUs answered that their customers would like to see an increase in the amount of information and services provided to them. When asked if the seed corn supplier should increase the amount of information and services, 70 percent of the NCs answered no. This could simply be a case where more does not mean better. SUs should keep the services offered and information provided to a minimum. Quality should be stressed, not quantity.

**Price of the Product.** Both the NCs and SUs agree that price is *somewhat, often* or *always* important to corn growers when purchasing seed corn. The only discrepancy between the two groups is in the category of *always;* nearly 34 percent for the NCs and 6 percent for the SUs. The emphasis upon price is more for the NCs than the SUs, but overall both groups seem to be similar in their view of the importance of price in the corn grower’s purchasing decision.

**Promotion.** The importance of providing extras/gifts to corn growers to entice them into an initial or repeat product purchase is overrated. Nearly four-fifths of the NCs and approximately two-thirds of the SUs feel extras/gifts provided in the initial or repeat purchase of seed corn are *seldom* or *never* important. This is an area which should be further evaluated before spending valuable marketing dollars. While both groups question the importance of extras/gifts in the corn grower’s purchasing decision, the NCs view it more
negatively than do the SUs. For this reason, the marketing attribute of promotion is viewed as dissimilar between the two groups (NC and SU).

**Distribution.** Is convenience/location of the seed corn supplier important to the corn grower when purchasing seed corn? Nearly two-thirds (62%) of the SUs view it as somewhat important while only 34 percent of the NCs view it as somewhat important. The seed corn suppliers could be over-emphasizing the "advantage" of being local. This does not seem to be an area of importance to the corn grower, nor is being associated with a high profile seed company. The NCs and SUs are dissimilar in their view towards distribution and the importance it plays in the corn grower's seed corn purchasing decision.

**People.** Good agricultural salespeople are an important source of information as agreed upon by both the SUs (100% somewhat or strongly agree) and NCs (100% somewhat or strongly agree). Both groups responses (SUs and NCs) are similar.

**Summary**

The seed corn suppliers included in this study, on average, have been in the seed corn industry 27 years and in 1993 sold 22,500 units/bags of seed corn. The majority of their current seed corn customers (73%) plant less than 600 acres of corn. Their current marketing focus is two-fold. Nearly eight of ten suppliers focus equally upon retaining current customers and prospecting for new customers. Their current customers, two of three, have been farming more than 15 years and indicate they plant their seed along with more than one other brand. Purchasing loyalty is exhibited. Nearly 80 percent of NCs like dealing with the same seed corn supplier year after year.
As for purchasing from a SISCC in the future, if all things were held constant such as price, service, and yield, 55 percent of NCs somewhat or strongly agree that they would purchase seed corn from a locally-owned seed company. Just under half (40%) are neutral in their response. This could be a window of opportunity for SISCCs. When NCs were asked if they will decrease their purchasing of seed corn from a locally-owned seed company in the future, 58 percent were neutral. In addition, 55 percent were neutral when the word decrease was changed to read increase.

Just under half (48%) of the NC group indicated they had purchased seed corn from a locally-owned seed company in the past five years. In the past year, 42 percent of NCs had not been asked to purchase seed corn from a locally-owned seed company. Based upon this, it would appear locally-owned seed companies (SISCCs) are not aggressively contacting corn growers.

Both survey groups (NC and SU) were asked to evaluate eight seed corn marketing attributes as to the advantages minor suppliers of seed corn have over major suppliers of seed corn. Both the NCs and SU s listed lower prices, friendly service, and convenience/location as the primary advantages minor seed corn suppliers have over major suppliers of seed corn. Research capability, information provided, and services offered are not perceived as advantages minor suppliers of seed corn have over major suppliers by the NCs (bottom three). The SU s share this view except product performance replaced services offered in their response.

When asked to evaluate their (NC and SU) seed corn suppliers’ strongest selling point, the NCs listed product performance first, lower prices second, and research capability third. The
SUs listed product performance first, friendly service second, and services offered third. Convenience/location and information provided rounded out each group’s bottom responses.

There may be an opportunity for SISCCs to maintain or increase local market share if lower prices, friendly service, and services offered are stressed.

Product performance is the most important marketing attribute (as shared by the NCs and SUs) in the corn grower’s seed corn purchasing decision. There is nearly 100 percent agreement it is \textit{often or always} important.

Both the NC and SU survey groups feel that information provided to corn growers is important. Nearly three-quarters of all responses for both groups are in the \textit{often or always} category. As far as sources of information for corn growers, there is agreement that extension/universities, company publications, salespeople, technical specialists, local seed corn dealers, general farm publications, and other farmers are good sources of information. There is also agreement that direct mail and radio are not. In the areas of newsletters, farmer meetings/field days, and technical consultants, there is disagreement. SUs place more emphasis upon technical consultants and newsletters than the NCs, and the NCs place more emphasis upon farmer meetings/field days.

NCs appear to be comfortable with the amount of services provided to them. When asked if they were satisfied with the amount of information and services provided to them, 93 percent responded \textit{yes}. When asked if the amount of information and services need to be increased, 70 percent answered \textit{no}. As far as “service after the sale,” 91 percent of the NCs gave their seed corn supplier a grade of A or B. SISCCs should focus upon increasing the quality of the services provided, but not the quantity.
The importance of price may be overstated. While 100 percent of the NCs view it as somewhat, often, or always important in their seed corn purchasing decision, of this 100 percent, 40 percent of NCs view price only as somewhat important. While significant, other areas such as services offered, information provided, and product performance appear to be more important to corn growers.

Like price, promotion as a seed corn selling tool may also be overstated, but to a greater degree. It appears extras/gifts provided in the initial or repeat purchase of seed corn have a minimal effect on the corn grower's purchasing decision. While the NCs and SUs responses are both weighted towards the negative, the NCs responses are more so. SUs may still be placing too much emphasis upon the use of extras/gifts to sell seed corn.

Are corn growers going to purchase a particular brand of seed corn based upon the convenience/location of a seed company or the fact that the seed company is high profile? The NC answers are mixed and a true bias can not be formulated, but the SUs do believe that it matters to the corn growers. They (SUs) believe that 71 percent of corn growers feel it is often important to be associated with a high profile seed company. This is not shared by the NCs. Based upon their responses, they are not influenced by the size of the seed company. This is a positive signal to SISCCs that there is opportunity to reach more potential customers.

Regardless of the marketing attributes which are important (or not important) to corn growers when purchasing seed corn, each attribute is only as good as the people involved. In this study, the role of salespeople is discussed. While the responses are spread, it appears that NCs are relying more and more on salespeople for information and advice (44 percent
somewhat to strongly agree). Are agricultural salespeople too biased to provide useful information? According to the NCs, 61 percent strongly or somewhat disagree..... salespeople are not too biased to provide useful information.

Viewing the results of this study, it has been concluded that the two most important marketing attributes to corn growers when preparing to purchase seed corn are product performance and services offered. The two least important are promotion and distribution. This same pattern (most and least important) is represented by the SUs. They view product performance and services offered as the most important marketing attributes for corn growers when purchasing seed corn, and promotion and distribution as the least important.

In the areas of product performance, price of the product, and people, the NCs survey responses are compatible with the responses of the SUs. In the areas of information provided, services offered, promotion, and distribution, all or part of the marketing attributes are non-compatible between the responses of the NCs and the responses of the SUs.

Notes

CHAPTER 6
SUMMARY AND CONCLUSIONS

The study has attempted to (a) examine the most and least important marketing attributes of the product and the seed corn supplier to the corn grower when preparing to purchase seed corn, (b) examine the marketing attributes which a SISCC views as most and least important to the corn grower when preparing to purchase seed corn, and (c) decide whether the marketing attributes of the subject seed corn companies are compatible or non-compatible with the needs of the corn growers when purchasing seed corn. This chapter provides conclusions from the study, details limitations, and offers suggestions for further research.

Conclusions

Based on the research findings from Chapter 5, several conclusions may be drawn. These conclusions have significance for practitioners, the field of agribusiness, and researchers.

Significance for Practitioners

The study holds a number of significant implications for practitioners. Beginning with the purpose of the study, it appears some SISCCs have been able to adapt to the changing environment found in the seed corn industry, but many have not and have turned to organizations such as the Independent Professional Seedsmen Association (IPSA) for help. To begin, is the corn grower audience receptive to change or is it a foregone conclusion that all corn growers will soon be purchasing all of their seed corn from major seed corn companies?
The following statement is taken from Figure 5.3, "All things being equal (i.e. price, service, yield) corn growers would prefer to purchase seed corn from a locally-owned seed company." The results suggest optimism for the SISCCs. ... 55 percent of NCs somewhat to strongly agree with this statement while 40 percent are neutral. Currently, only 15% of their total seed corn needs are being met by SISCCs (see Figure 5.7). Whether this number increases or decreases is in the hands of the SISCCs and their aggressiveness, or lack thereof.

In the past five years, 48 percent of NCs (see Figure 5.8) indicated they had purchased seed corn from a SISCC, while in the past year, 42 percent (see Figure 5.9) had not been approached. These numbers are revealing and powerful. There is a large corn grower audience which appears to be unsure whether SISCCs can offer equivalent performance/services/information that large seed corn companies already offer or emphasize.

Currently, only 18 percent of NCs believe SISCCs have an advantage over major seed corn suppliers when it comes to services offered (see Figure 5.10). It is the researcher’s belief that most NCs do not know enough about SISCCs to know what services they do or do not offer, but the perception is... the major suppliers of seed corn must have more services since they are larger in size and higher profile. The top four areas that are viewed by NCs as SISCC advantages over major suppliers of seed corn are: lower prices (78%), friendly service (45%), convenience/location (43%), and product performance (30%) (see Figure 5.10). Of the total amount of seed corn purchased by NCs, as mentioned earlier, only 15%, on average, is purchased from a SISSC. An effective marketing strategy should begin with:

1. Emphasize SISCC advantages such as lower prices, friendly service, and product performance. This includes less radio and direct mail advertising and more hands on marketing such as farmer meetings and field days. These
are opportunities to educate the corn growers.

2. Keep the company publications and newsletters in an advisory role. Do not increase the quantity of information, but do work on the overall quality. The seed corn supplier of today must not act like a salesman, but instead as an advisor who is there to solve the corn grower’s problems.

3. Do not spend valuable marketing dollars on excess promotional extras/gifts such as hats, pens, jackets, etc. A corn grower may make an initial purchase based upon these extras, but if the overall product performance package is lacking, the extra/gift is not going to increase the order for next year. Instead, the order will in all likelihood decrease.

4. Meet the farmer face to face or pick up the telephone. Follow-up, follow-up, follow-up. Effort is rewarded. Keep the farmer informed.

5. Show the full benefit of lower prices and comparable yields. Lower prices are not an advantage if the advantage disappears with lower yields.

6. Know your customers and potential customers. Build a database including number of acres, purchasing practices, number of times contacted, etc.

The researcher feels that many corn growers are not current customers of SISCCs simply due to a lack of customer education. Corn growers must be educated to the advantages mentioned earlier, or the negative perceptions will continue to prevail.

Significance for the Field of Agribusiness

For the field of agribusiness, the study reveals areas that will apparently play an increasing role in the agricultural seed corn industry. To many, it is a foregone conclusion that all smaller seed corn companies will be swallowed by the major suppliers in a few short years. This may not be the case if the SISCCs are aggressive and willing to change as their operating environment changes. Being small may lead to increased efficiency and focus,
something not afforded by most major suppliers of seed corn. This is a valuable lesson for all agribusinesses, not just the seed corn industry.

Significance for Researchers

The study reveals many areas of potential research. While this study is broad in focus, each marketing attribute could be broken into separate areas of study with an in-depth view at separating the survey participants into size, number of employees, current sales growth or decline, or size of operation. For example, the areas of services and information provided are vague at best. Further research aimed at the importance of specific services and information would be valuable. There is a push by the seed corn companies to increase the amount of services and information, but what is the correct amount and correct mix?

At this stage of the seed corn industry, many seed corn companies, small, medium, and large, are attempting to define their role presently and in the future. With the changing technology, it is not enough to look at past success and attempt to duplicate. A seed corn company must have a strategic vision and be willing to adapt to changes.

The field of strategic planning/policy may also gain some benefits from this study. It is not known whether most seed corn companies have a mission statement and strategic goals (i.e. five year, ten year, twenty year). Many times the focus is upon what is happening today only, versus what could or will happen in the near future. This could be a further area of potential survey segmentation.

Limitations

Several expected and unexpected limitations were encountered while conducting this study. The timing of the actual survey mailing was not ideal. All surveys were mailed to the
survey audience in early May. At this time of the year, corn growers are extremely busy preparing for and planting the corn. Work days are typically long beginning in early April and continuing through mid-to-late June. The researcher believes that the percentage of returned surveys would have been significantly higher if the surveys would have been mailed two months earlier or two months later. Unfortunately, the academic time table did not afford the researcher this option.

Due to financial constraints, the total amount of surveys mailed to the NC survey group was less than planned. Originally, 1000 NCs were going to be solicited, but this number was reduced considerably due to the cost of postage.

It was believed the survey response from the CC group would be greater than it actually was. Only 20 surveys were returned, which in turn led to decreased study research and conclusions. The researcher felt it was important to include the CC survey results in all tables and charts, but comparisons were limited to the NC and SU survey groups only.

The focus of the study was too broad. By focusing upon six different marketing attributes, an in-depth study of any one marketing attribute was not possible.

Suggestions for Further Research

This study has provided some basic information regarding the importance of the marketing attributes exhibited by smaller, independent, seed corn companies and their relation to the corn grower's purchasing decision. Further research would be useful to evaluate empirically some of the concepts suggested in this study. The following are suggestions for additional research in the area:
1. Examine the relationship between price and product performance. Many seed corn companies and corn growers focus on price in the Spring and product performance in the Fall. More work should be completed indicating the net income advantage of using a particular seed corn number (implementing price and final yields). This could be a useful tool for SISCCs when emphasizing lower prices. If it can be shown the lower priced corn is also increasing the corn grower’s net income per bushel, more customers may be won over.

2. Devote an entire study towards product promotion. Seed corn companies continue to spend valuable marketing dollars on free hats, jackets, calendars, pens, etc. What is the level of importance? Does it vary depending upon a corn grower’s size or geographic location? It would be interesting to receive input from SISCCs who (a) rely quite heavily upon promotional items, and (b) who rely very little upon promotional items. This could include the use of company publications and newsletters as well.

3. Examine the importance of farmer meetings/field days? In this study, corn growers place more reliance upon them in their purchasing decision than SISCCs believe. Some areas to further analyze are: location, time of year, time of day, topics to be discussed, guest speakers, follow-up procedures, composite of typical corn grower attendee, and others.

4. Breakdown and examine the area of “service after the sale.” Are seed corn companies waiting for the corn growers to call with feedback, good or bad, or are they continually soliciting feedback? The latter approach would seem to be the
correct approach if a seed corn company is interested in increased sales in the future. How many times do the company representatives follow-up (with a phone call, hand-written note, or personal visit) after the corn is sold? The answer could be quite revealing.

Summary

This chapter concludes the study by offering conclusions drawn from the research. The study offers significance for (1) practitioners, (2) the field of agribusiness, and (3) researchers. The ability of SISCCs to evaluate their marketing focus based upon the corn grower’s needs and wants when purchasing seed corn is vital to future success. Their advantage lies in their ability to adapt to change quickly. In addition, there are a great number of corn growers who have not formed an opinion (good or bad) concerning purchasing from a SISCC. The field of agribusiness may benefit because in all areas of agribusiness there are very small and very large participants. The areas of further emphasis for the SISCCs may also apply to other smaller companies within agriculture. Finally, the study may have significance for academics in the areas of small-share marketing and selling. There are many who believe that practically all of the local market share SISCCs now have will be swallowed up by the large seed corn companies. By focusing future research on areas such as price, product performance, promotion, and services and information provided, the small share players may gain a competitive advantage not presently enjoyed.

Unexpected limitations were discussed including (1) the timing of the survey mailings, (2) the limited amount of surveys solicited due to financial constraints, and (3) the focus
of the study being too broad. Lastly, the researcher offered suggestions for further research that may help empirically support the findings of this study.
APPENDIX A

SURVEYS
### Seed Corn Suppliers Survey

1. How many years have you been in the seed corn industry?
   - Avg. 27
   - High 80
   - Low 7

2. Number of units of seed corn sold in 1993?
   - Average 22,500

3. Number of seed corn hybrids offered in 1994?
   - Average 17

4. New seed corn customers typically are:
   - % Responded
     - 36% a. younger farmers who have been farming less than 15 years.
     - 64% b. older farmers who have been farming more than 15 years.

5. What percentage of your seed corn customers can be described as:
   - Small (less than 300 acres corn planted) 36%
   - Medium (between 300 and 600 acres corn planted) 37%
   - Large (greater than 600 acres corn planted) 27%

6. The majority of your seed corn customers planted your seed:
   - % Responded
     - a. exclusively 0%
     - b. along with one other brand 32%
     - c. along with more than one brand 62%
     - d. unknown 6%

7. Your primary marketing focus, in respect to seed corn, is aimed at:
   - % Responded
     - a. retaining current customers 12%
     - b. prospecting for new customers 6%
     - c. both groups equally 82%

8. Over the next five years, do you feel your customer base will:
   - % Responded
     - a. increase significantly 29%
     - b. increase slightly 59%
     - c. remain the same 6%
     - d. decrease slightly 6%
     - e. decrease significantly 0%

9. What percentage of corn growers do you feel fit into each of the following categories? (Indicates percentage of producers in each category. Percentages should total 100%)
   - 13% They are the very first in their area to try new products or techniques.
   - 21% They are one of the first, but usually not the very first in their area to try new products or techniques.
   - 37% They wait until they see results from a few producers in their area before they try new products or techniques.
   - 20% They wait until new products or techniques are proven by many producers in their area before they try them.
   - 9% They are usually one of the last in their area to try new products or techniques.

10. In what areas do you feel the minor suppliers of seed corn have an advantage over the major suppliers of seed corn when marketing their product to the corn grower?
    - % Responded
      - 17% a. research capability
      - 79% b. lower price
      - 47% c. product performance
      - 79% d. friendly service
      - 65% e. services offered
      - 38% f. information provided
      - 79% g. convenience / location
      - 1% h. other flexibility

11. Referring back to the choices in question 10, your company’s strongest selling point is:
    - % Responded
      - product performance 44%
      - friendly service 20%
      - services offered 18%
      - lower prices 9%
      - research capabilities 3%
      - information provided 3%
      - convenience / location 3%
12. Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn:

<table>
<thead>
<tr>
<th>Importance</th>
<th>Never</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience / location of the Seed Company</td>
<td>0</td>
<td>15</td>
<td>62</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Association with high profile Seed Companies</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>31</td>
<td>2</td>
</tr>
<tr>
<td>Services offered</td>
<td>0</td>
<td>0</td>
<td>18</td>
<td>47</td>
<td>32</td>
</tr>
<tr>
<td>Information provided</td>
<td>0</td>
<td>0</td>
<td>24</td>
<td>59</td>
<td>17</td>
</tr>
<tr>
<td>Price</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>62</td>
<td>29</td>
</tr>
<tr>
<td>Product Performance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>Extras / Gifts provided on the initial purchase</td>
<td>6</td>
<td>59</td>
<td>33</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Extras / Gifts provided on the repeat purchase</td>
<td>3</td>
<td>56</td>
<td>36</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

13. How useful do you feel the following sources of information are for the corn grower when deciding which brand of seed corn to purchase:

<table>
<thead>
<tr>
<th>Importance</th>
<th>Never</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension / Universities</td>
<td>0</td>
<td>15</td>
<td>47</td>
<td>35</td>
<td>1</td>
</tr>
<tr>
<td>Company publications</td>
<td>0</td>
<td>0</td>
<td>35</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>Salespeople</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>70</td>
<td>24</td>
</tr>
<tr>
<td>Technical specialists</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>25</td>
<td>53</td>
</tr>
<tr>
<td>Independent consultants</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Local dealers</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td>Farmer meetings / Field days</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Direct mail</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>47</td>
<td>12</td>
</tr>
<tr>
<td>Radio</td>
<td>0</td>
<td>0</td>
<td>38</td>
<td>47</td>
<td>6</td>
</tr>
<tr>
<td>Newsletters</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>65</td>
<td>26</td>
</tr>
<tr>
<td>General farm publications</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>70</td>
<td>15</td>
</tr>
<tr>
<td>Other farmers</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>55</td>
<td>76</td>
</tr>
</tbody>
</table>

14. If you were to contact 100 corn growers at random (non-customers), what percentage would tell you they purchase at least a small amount of their seed corn from locally-owned seed company?

| Average | 59% |

15. As far as "service after the sale", I would give my seed company a grade of:

<table>
<thead>
<tr>
<th>% Responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>Total:</td>
</tr>
</tbody>
</table>

16. To what extent are you, the seed corn supplier, capable of providing the level of information corn growers need to make decisions for the following products?

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Always</th>
<th>Some or capable</th>
<th>Very capable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor equipment</td>
<td>18</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>12</td>
<td>56</td>
<td>32</td>
</tr>
<tr>
<td>Seed</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## General Opinions

*Numbers shown are a percentage or responses received*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Good agricultural salespeople are an important source of information.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>85</td>
</tr>
<tr>
<td>b. Suppliers of seed corn should charge separately for products, services, and information.</td>
<td>20</td>
<td>41</td>
<td>29</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>c. Services provided to corn growers are more important to them than price when they purchase seed corn.</td>
<td>0</td>
<td>17</td>
<td>12</td>
<td>47</td>
<td>24</td>
</tr>
<tr>
<td>d. In the future, I expect to pay for services / information that are currently provided free.</td>
<td>23</td>
<td>29</td>
<td>32</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>e. Corn growers prefer to purchase seed corn from the nearest seed corn dealer / company.</td>
<td>41</td>
<td>32</td>
<td>15</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>f. All things being equal (i.e., price, service, yield), I would prefer to purchase seed corn from a locally-owned seed company.</td>
<td>0</td>
<td>15</td>
<td>26</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td>g. My seed corn customers are satisfied with the amount of information and services provided to them.</td>
<td>0</td>
<td>12</td>
<td>18</td>
<td>70</td>
<td>0</td>
</tr>
<tr>
<td>h. My seed corn customers feel the amount of information and services provided to them should be increased.</td>
<td>0</td>
<td>9</td>
<td>23</td>
<td>53</td>
<td>15</td>
</tr>
</tbody>
</table>
Corn Growers Survey - (non-customers)

1. Acres of corn planted in 1993? 317
2. Acres of corn expected to plant in 1994? 326
3. In 1993, how many different seed companies did you purchase seed corn from? 2.6
4. How many different seed companies do you expect to purchase seed corn from in 1994? 2.6
5. What percentage of your seed corn is purchased from a locally-owned company? 15%
6. In what areas do you feel the minor suppliers of seed corn have an advantage over the major suppliers of seed corn when marketing their product to the corn grower?
   Average %
   a. research capability 8%
   b. lower price 78%
   c. product performance 30%
   d. friendly service 45%
   e. services offered 18%
   f. information provided 14%
   g. convenience / location 43%
   h. other 0%
7. Referring back to the choices in question 6, your company’s strongest selling point is: % Responded
   product performance 37%
   friendly service 23%
   services offered 14%
   lower prices 15%
   research capabilities 5%
   information provided 6%
   convenience / location 12%
8. In the past five years, have you purchased seed corn from a locally-owned seed company?
   % Responded 48% yes 52% no
9. In the past five years, have you been asked to purchase seed corn from a locally-owned seed company?
   % Responded 58% yes 42% no
10. Are you satisfied with the amount of services and information provided by your supplier of seed corn?
    % Responded 93% yes 7% no
11. Should the amount of services and information provided by your seed corn supplier be increased? % Responded 30% yes 70% no
12. If your supplier of seed corn informs you they are going to begin contracting seed production versus growing their own seed is this a concern? % Responded 34% yes 66% no
13. Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn:
   - Never important
   - Seldom important
   - Somewhat important
   - Often important
   - Always important

<table>
<thead>
<tr>
<th>Areas</th>
<th>Never</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience / location of the Seed Company</td>
<td>13</td>
<td>16</td>
<td>34</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Association with high profile Seed Company</td>
<td>13</td>
<td>29</td>
<td>19</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Services offered</td>
<td>0</td>
<td>5</td>
<td>16</td>
<td>35</td>
<td>44</td>
</tr>
<tr>
<td>Information provided</td>
<td>2</td>
<td>4</td>
<td>17</td>
<td>41</td>
<td>36</td>
</tr>
<tr>
<td>Price</td>
<td>0</td>
<td>0</td>
<td>40</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td>Product Performance</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>16</td>
<td>76</td>
</tr>
<tr>
<td>Extras / Gifts provided in the initial purchase</td>
<td>47</td>
<td>35</td>
<td>12</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Extras / Gifts provided in the repeat purchase</td>
<td>49</td>
<td>38</td>
<td>13</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
14. How useful do you feel the following sources of information are for the corn grower when deciding which brand of seed corn to purchase:
   - Never get useful important
   - Seldom get useful important
   - Somewhat get useful important
   - Often get useful important
   - Always get useful important

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>Never</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension / universities</td>
<td>2</td>
<td>17</td>
<td>39</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>Company publications</td>
<td>0</td>
<td>4</td>
<td>42</td>
<td>39</td>
<td>15</td>
</tr>
<tr>
<td>Scientists</td>
<td>0</td>
<td>8</td>
<td>32</td>
<td>37</td>
<td>23</td>
</tr>
<tr>
<td>Technical specialists</td>
<td>4</td>
<td>8</td>
<td>29</td>
<td>38</td>
<td>21</td>
</tr>
<tr>
<td>Independent consultants</td>
<td>17</td>
<td>23</td>
<td>32</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>Local dealers</td>
<td>2</td>
<td>10</td>
<td>14</td>
<td>47</td>
<td>27</td>
</tr>
<tr>
<td>Farmer meetings / field days</td>
<td>0</td>
<td>6</td>
<td>25</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td>Direct mail</td>
<td>9</td>
<td>31</td>
<td>38</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Radio</td>
<td>12</td>
<td>36</td>
<td>27</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>Newspapers</td>
<td>10</td>
<td>25</td>
<td>29</td>
<td>29</td>
<td>7</td>
</tr>
<tr>
<td>General farm publications</td>
<td>4</td>
<td>39</td>
<td>52</td>
<td>82</td>
<td>3</td>
</tr>
<tr>
<td>Other farmers</td>
<td>9</td>
<td>6</td>
<td>30</td>
<td>55</td>
<td>19</td>
</tr>
</tbody>
</table>
15. To what extent are you, the seed corn supplier, capable of providing the level of information corn growers need to make decisions for the following products?

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Not capable</th>
<th>Somewhat capable</th>
<th>Very capable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cropping equipment</td>
<td>6</td>
<td>71</td>
<td>23</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>13</td>
<td>64</td>
<td>23</td>
</tr>
<tr>
<td>Seed</td>
<td>10</td>
<td>65</td>
<td>25</td>
</tr>
</tbody>
</table>

16. As far as "service after the sale", I would give my seed company a grade of:

<table>
<thead>
<tr>
<th>% Responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

---

### General Opinions

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Neutral</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Good agricultural salespeople are an important source of information.</td>
<td>5</td>
<td>5</td>
<td>9</td>
<td>35</td>
<td>46</td>
</tr>
<tr>
<td>b. I think suppliers of seed corn should charge separately for products, services, and information.</td>
<td>45</td>
<td>23</td>
<td>19</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>c. I find I am relying more and more on salespeople for information and advice.</td>
<td>12</td>
<td>13</td>
<td>29</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>d. Dealer or company service is a more important factor than price when purchasing seed corn.</td>
<td>12</td>
<td>13</td>
<td>29</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>e. Whenever possible, I like dealing with the same seed corn supplier year after year.</td>
<td>3</td>
<td>5</td>
<td>9</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td>f. I think my seed corn supplier should also grow his own seed.</td>
<td>16</td>
<td>12</td>
<td>36</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>g. In the future, I expect to pay for services/ information that are currently provided free.</td>
<td>35</td>
<td>27</td>
<td>19</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>h. My seed corn supplier readily adopts new technology when it becomes available</td>
<td>0</td>
<td>9</td>
<td>9</td>
<td>43</td>
<td>39</td>
</tr>
<tr>
<td>i. I expect to decrease my purchase of seed corn from a locally-owned seed company in the near future.</td>
<td>19</td>
<td>7</td>
<td>58</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>j. Ag salespeople are too biased to provide useful information.</td>
<td>26</td>
<td>35</td>
<td>25</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>k. Whenever possible, I like to buy from the nearest seed corn dealer.</td>
<td>10</td>
<td>21</td>
<td>27</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>l. I expect to increase my purchase of seed corn from a locally-owned seed company in the near future.</td>
<td>10</td>
<td>16</td>
<td>55</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>m. If I were to receive a nice gift such as a jacket, I would expect my supplier to pass that cost on to me through higher prices.</td>
<td>31</td>
<td>14</td>
<td>22</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>n. Large chemical companies entering the seed industry through seed company acquisitions as a way to market their product. I feel this is a concern.</td>
<td>5</td>
<td>13</td>
<td>23</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>o. All things being equal (i.e. price, service, yield), I would prefer to purchase seed corn from a locally-owned seed company.</td>
<td>2</td>
<td>3</td>
<td>40</td>
<td>22</td>
<td>33</td>
</tr>
</tbody>
</table>
Corn Growers Survey - (current-customers)

1. Acres of corn planted in 1993? 314
2. Acres of corn expected to plant in 1994? 314
3. In 1993, how many different seed companies did you purchase seed corn from? 2.1
4. How many different seed companies do you expect to purchase seed corn from in 1994? 2.2
5. What percentage of your seed corn is purchased from a locally-owne company? 51%
6. In what ways do you feel the minor suppliers of seed corn have an advantage over the major suppliers of seed corn when marketing their product to the corn grower?

Average %
- 5% a. research capability
- 95% b. lower price
- 45% c. product performance
- 65% d. friendly service
- 30% e. services offered
- 25% f. information provided
- 70% g. convenience / location
- 0% h. other

7. Referring back to the choices in question 6, your company’s strongest selling point is: % Responded

- product performance 55%
- friendly service 30%
- services offered 5%
- lower prices 5%
- research capabilities 5%
- information provided 0%
- convenience / location 0%

8. In the past five years, have you purchased seed corn from a locally-owned seed company? % Responded 95% yes 5% no
9. In the past five years, have been asked to purchase seed corn from a locally-owned seed company? % Responded 95% yes 5% no
10. Are you satisfied with the amount of services and information provided by your supplier of seed corn? % Responded 100% yes 0% no

11. Should the amount of services and information provided by your seed corn supplier be increased? % Responded 45% yes 55% no
12. If your supplier of seed corn informs you they are going to begin contracting seed production versus growing their own seed is this a concern? % Responded 75% yes 25% no

13. Please rank by degree of importance, the following areas you feel are important to corn growers when they purchase seed corn:

- Never important
- Seldom important
- Somewhat important
- Often important
- Always important

14. How useful do you feel the following sources of information are for the corn grower when deciding which brand of seed corn to purchase:

- Never get useful information
- Seldom get useful information
- Somewhat get useful information
- Often get useful information
- Always get useful information

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Not</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience / location of the Seed Company</td>
<td>70</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Association with high profile Seed Company</td>
<td>30</td>
<td>30</td>
<td>0</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Services offered</td>
<td>0</td>
<td>5</td>
<td>35</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Information provided</td>
<td>0</td>
<td>10</td>
<td>30</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Price</td>
<td>5</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Product Performance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Extras / Gifts provided in the initial purchase</td>
<td>70</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extras / Gifts provided in the repeat purchase</td>
<td>70</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Not</th>
<th>Seldom</th>
<th>Somewhat</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension - universities</td>
<td>20</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Company publications</td>
<td>5</td>
<td>40</td>
<td>10</td>
<td>35</td>
<td>10</td>
</tr>
<tr>
<td>Salespeople</td>
<td>5</td>
<td>5</td>
<td>30</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Technical speculatess</td>
<td>15</td>
<td>30</td>
<td>30</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Independent consultants</td>
<td>15</td>
<td>15</td>
<td>30</td>
<td>35</td>
<td>5</td>
</tr>
<tr>
<td>Local dealers</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>45</td>
<td>10</td>
</tr>
<tr>
<td>Farmer meetings / Field days</td>
<td>10</td>
<td>10</td>
<td>45</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Direct mail</td>
<td>10</td>
<td>40</td>
<td>5</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Radio</td>
<td>35</td>
<td>35</td>
<td>25</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Newspapers</td>
<td>10</td>
<td>35</td>
<td>25</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>General farm publications</td>
<td>15</td>
<td>30</td>
<td>30</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Other farmers</td>
<td>0</td>
<td>10</td>
<td>60</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>
15. To what extent are you, the seed corn supplier, capable of providing the level of information corn growers need to make decisions for the following products?

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Not capable</th>
<th>Somewhat capable</th>
<th>Very capable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cropping equipment</td>
<td>15</td>
<td>55</td>
<td>30</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>5</td>
<td>65</td>
<td>30</td>
</tr>
<tr>
<td>Seed</td>
<td>0</td>
<td>65</td>
<td>35</td>
</tr>
</tbody>
</table>

16. As far as "service after the sale", I would give my seed company a grade of:

<table>
<thead>
<tr>
<th>% Responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

General Opinions

<table>
<thead>
<tr>
<th>Numbers shown are a percentage or responses received</th>
<th>Simply disagree</th>
<th>Somewhat disagree</th>
<th>Agree</th>
<th>Somewhat agree</th>
<th>Simply agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Good agricultural salespeople are an important source of information.</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>b. I think suppliers of seed corn should charge separately for products, services, and information.</td>
<td>10</td>
<td>55</td>
<td>20</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>c. I find I am relying more and more on salespeople for information and advice.</td>
<td>20</td>
<td>15</td>
<td>30</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>d. Dealer or company service is a more important factor than price when purchasing seed corn.</td>
<td>10</td>
<td>5</td>
<td>35</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>e. Whenever possible, I like dealing with the same seed corn supplier year after year.</td>
<td>0</td>
<td>5</td>
<td>15</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>f. I think my seed corn supplier should also grow his own seed.</td>
<td>5</td>
<td>0</td>
<td>40</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>g. In the future, I expect to pay for services/ information that are currently provided for free.</td>
<td>20</td>
<td>40</td>
<td>30</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>h. My seed corn supplier readily adopts new technology when it becomes available.</td>
<td>5</td>
<td>0</td>
<td>25</td>
<td>45</td>
<td>25</td>
</tr>
<tr>
<td>i. I expect to decrease my purchase of seed corn from a locally-owned seed company in the near future.</td>
<td>25</td>
<td>20</td>
<td>50</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>j. Ag salespeople are too biased to provide useful information.</td>
<td>0</td>
<td>35</td>
<td>30</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>k. Whenever possible, I like to buy from the nearest seed corn dealer.</td>
<td>25</td>
<td>10</td>
<td>25</td>
<td>35</td>
<td>5</td>
</tr>
<tr>
<td>l. I expect to increase my purchase of seed corn from a locally-owned seed company in the near future.</td>
<td>10</td>
<td>5</td>
<td>65</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>m. If I were to receive a nice gift such as a jacket, I would expect my supplier to pass that cost on to me through higher prices.</td>
<td>20</td>
<td>35</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>n. Large chemical companies entering the seed industry through seed company acquisitions as a way to market their product. I feel this is a concern.</td>
<td>5</td>
<td>5</td>
<td>15</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>o. All things being equal (i.e., price, service, yield), I would prefer to purchase seed corn from a locally-owned seed company.</td>
<td>15</td>
<td>0</td>
<td>25</td>
<td>10</td>
<td>50</td>
</tr>
</tbody>
</table>
APPENDIX B

LETTERS
March 16, 1994

To: IPSA Member Seed Companies
From: Channing A. Sieben, Executive Director
Subj: Graduate Project by Todd Gibbs of Iowa State University

Dr. Joe Burris of Iowa State, who serves on our Research Committee, has asked our cooperation to assist a graduate student who is focusing on marketing of seed products by family owned, regional seed companies. IPSA has made available our membership list to Todd Gibbs. He will be doing both a general survey as well as a more in depth case study type of interview with selected members to determine small seed company marketing strategies. Additionally, Todd plans to survey farmer customers about the factors which influence their buying decisions.

If Mr. Gibbs’ project is completed successfully, it is possible that IPSA will request him to make a presentation at our Annual Meeting in St. Louis, January 18-20, 1995. The analysis, when published, should also make interesting reading for all of us.

Please do not feel that you have to participate. However, sharing your information on a confidential basis will be appreciated by Iowa State, Dr. Burris, and Mr. Gibbs. The project is being done at no cost, so the price certainly is right!

Sincerely,

Channing A. Sieben
April 1994

Dear Corn Grower:

The success of seed corn companies such as Pioneer Hi-Bred, Northrup King, and others, has been well documented. On the other end of the spectrum, there are hundreds of smaller, locally-owned seed companies throughout the Midwest fighting to remain competitive.

I am conducting a study aimed at the marketing strategies of these smaller seed companies. An important part of this project is aimed at you, the corn grower.

My goal is to determine your needs when purchasing seed corn and match it to the marketing strategies of locally-owned seed companies. Can they remain competitive in the future? Are they meeting your purchasing needs? These questions and others are what I hope to find out. By completing the enclosed survey, you will help reach that goal.

Thank you so much for your cooperation. There is a postage-paid envelope for your convenience in returning the completed questionnaire.

Sincerely,

Todd R. Gibbs
Marketing Consultant

TRG/dd
Enclosures

(Technical assistance for this survey has been provided by Seed Science - Iowa State University, Independent Professional Seedsmen Association, and the Center for Agricultural Business - Purdue University.)
April 1994

Dear Seed Corn Supplier:

The success of seed corn companies such as Pioneer Hi-Bred, Northrup King, and others has been well documented. On the other end of the spectrum, there are many smaller, locally-owned seed companies, such as yours, who are fighting hard to add to an existing customer base.

I am conducting a study aimed at the marketing strategies of smaller seed companies. Specifically, the target is the seed corn industry.

The goal is to determine the needs of corn growers when purchasing seed corn and match it to the marketing strategies of locally-owned seed companies. By completing the enclosed survey, you will help reach that goal and in turn, the results of the study may help you.

I believe that the results of this survey, and another which is currently being solicited from several hundred corn growers, will be available to all in your industry. While the information gathered will be compared and tested, absolutely no names of survey respondents will be used.

Sincerely,

Todd R. Gibbs
Marketing Consultant
TRG/dd
Enclosures

(Technical assistance for this survey has been provided by Seed Science - Iowa State University, Independent Professional Seedsmen Association, and the Center for Agricultural Business - Purdue University.)
BIBLIOGRAPHY


Parker, Robert, Director, Small Business Development Center, interview by researcher, Ames, Iowa, 24 March 1994.


ACKNOWLEDGEMENTS

This study was made possible by the participation of all corn grower and seed corn company survey respondents. The researcher thanks these individuals for their assistance and feedback. Special thanks is given to Dr. Jay Akridge for helping in the initial design of the surveys, and Dr. Joe Burris, Mr. Robert Parker, and Mr. Channing Sieben in their suggestions and critique of the form and content of the surveys.

The researcher also appreciates the assistance and expertise of the three research committee members, Dr. Max S. Wortman, Jr., Dr. Benjamin Doran, and Dr. Neil Harl. Dr. Wortman deserves particular gratitude for his guidance and patience.