



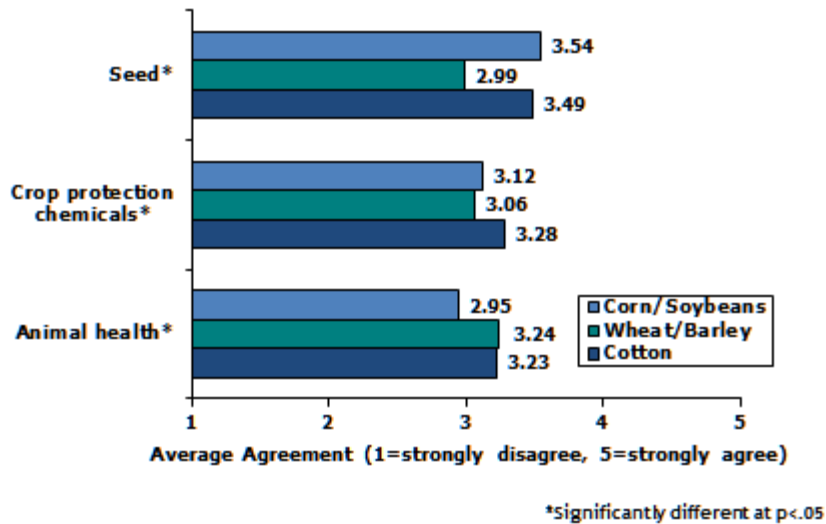
# Assessing the Agricultural Value Chain: The Loyalty of Large U.S. Agricultural Producers

David A. Widmar: Research Associate. Center for Food and Agricultural Economics. Purdue University.

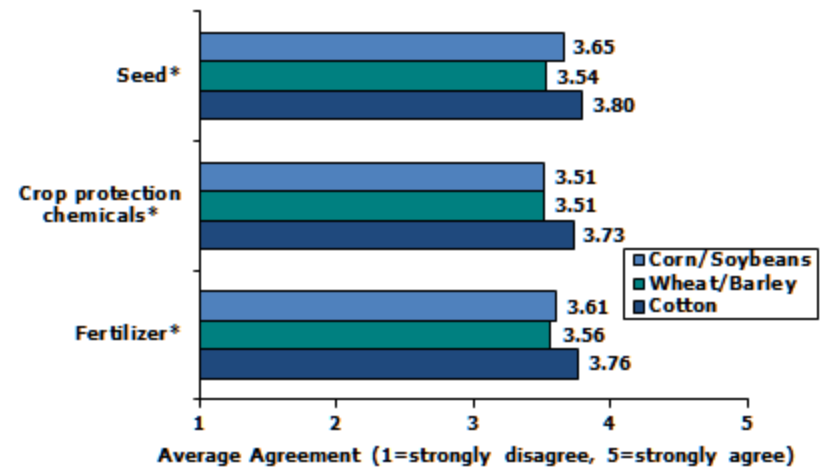
Dr. Michael A. Gunderson: Associate Professor and Associate Director of Research. Center for Food and Agricultural Economics. Purdue University

# Historic Results (2008)

I consider myself loyal to the brands I buy  
by enterprise



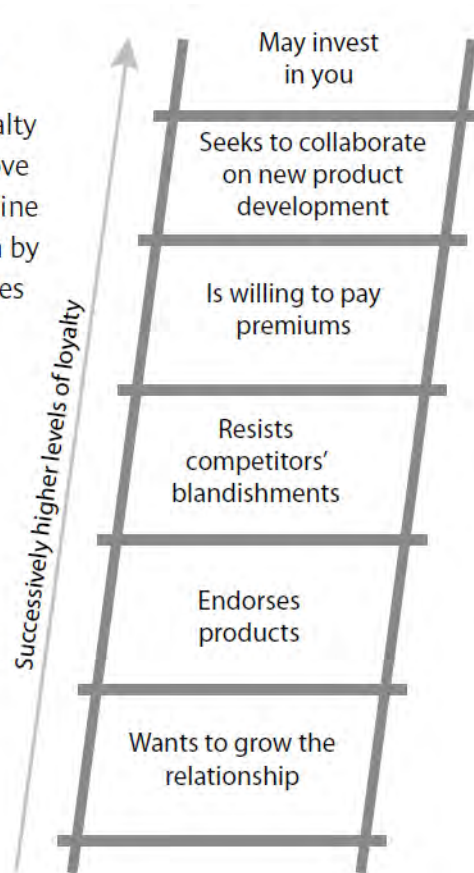
I consider myself loyal to my primary local  
supplier by enterprise



# Loyalty Ladder

## The Loyalty Ladder

Business customers display their loyalty in a predictable sequence as they move up the loyalty ladder. You can determine which rungs your customers stand on by analyzing sales records, talking to sales teams, and conducting surveys.



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- I am Loyal
- I would invest
- I would help develop new products and services
- I would switch for a 5% savings\*
- I would switch for a 10% savings\*
- I try other's products\*
- I endorse to my neighbor
- I will do more business

Narayanda, Das. "Building Loyalty in Business Markets." *Harvard Business Review*. Sept. 2005.

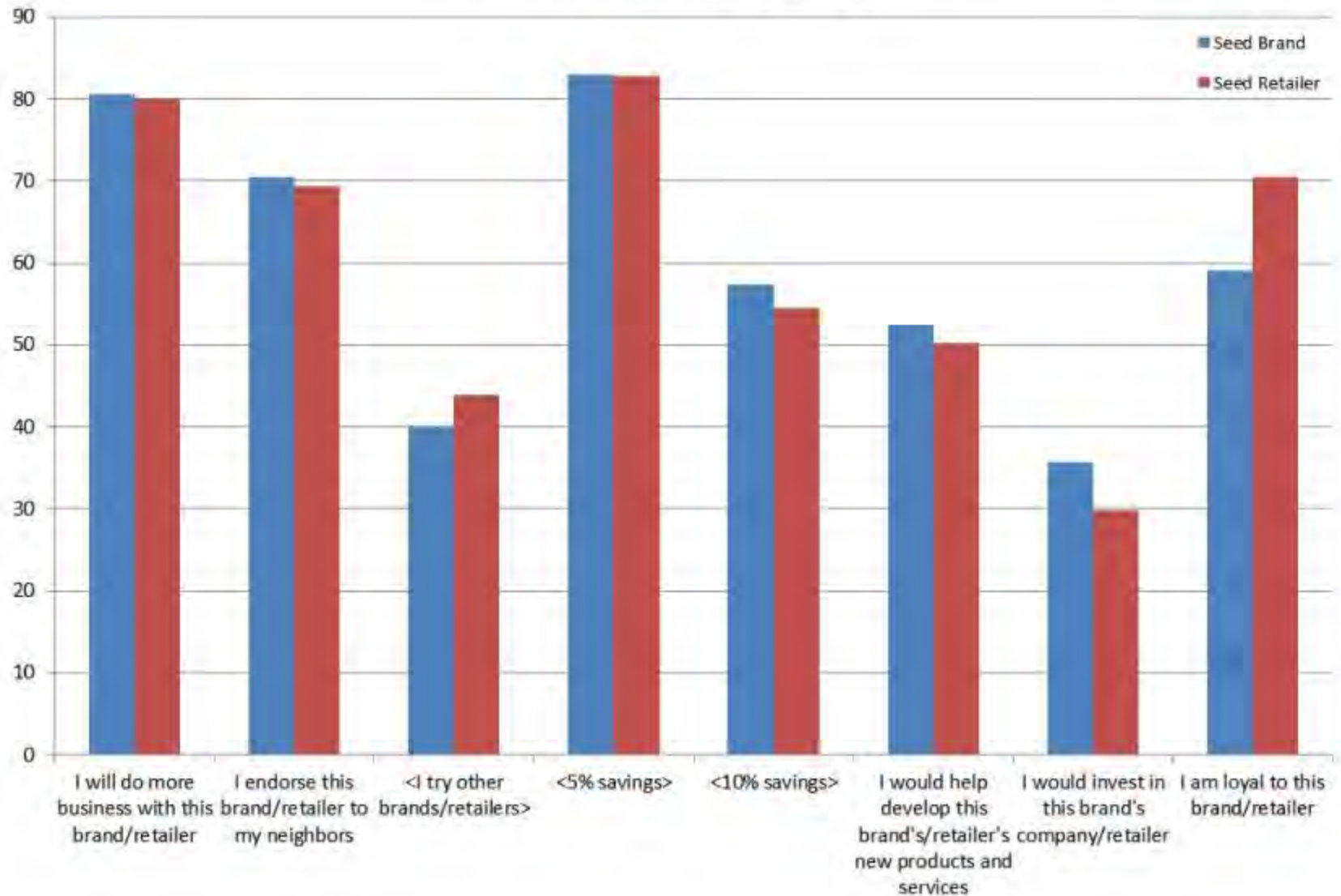
# LCP Survey

	Mid	Commercial	Large
Corn/Soybean	300-1,499	1,500-4,999	5,000+
Wheat/Barley	700-3,499	3,500-6,999	7,000+
Cotton	200-1,099	1,100-3,300	3,000+
FNV	50-249	250-2,349	2,350+

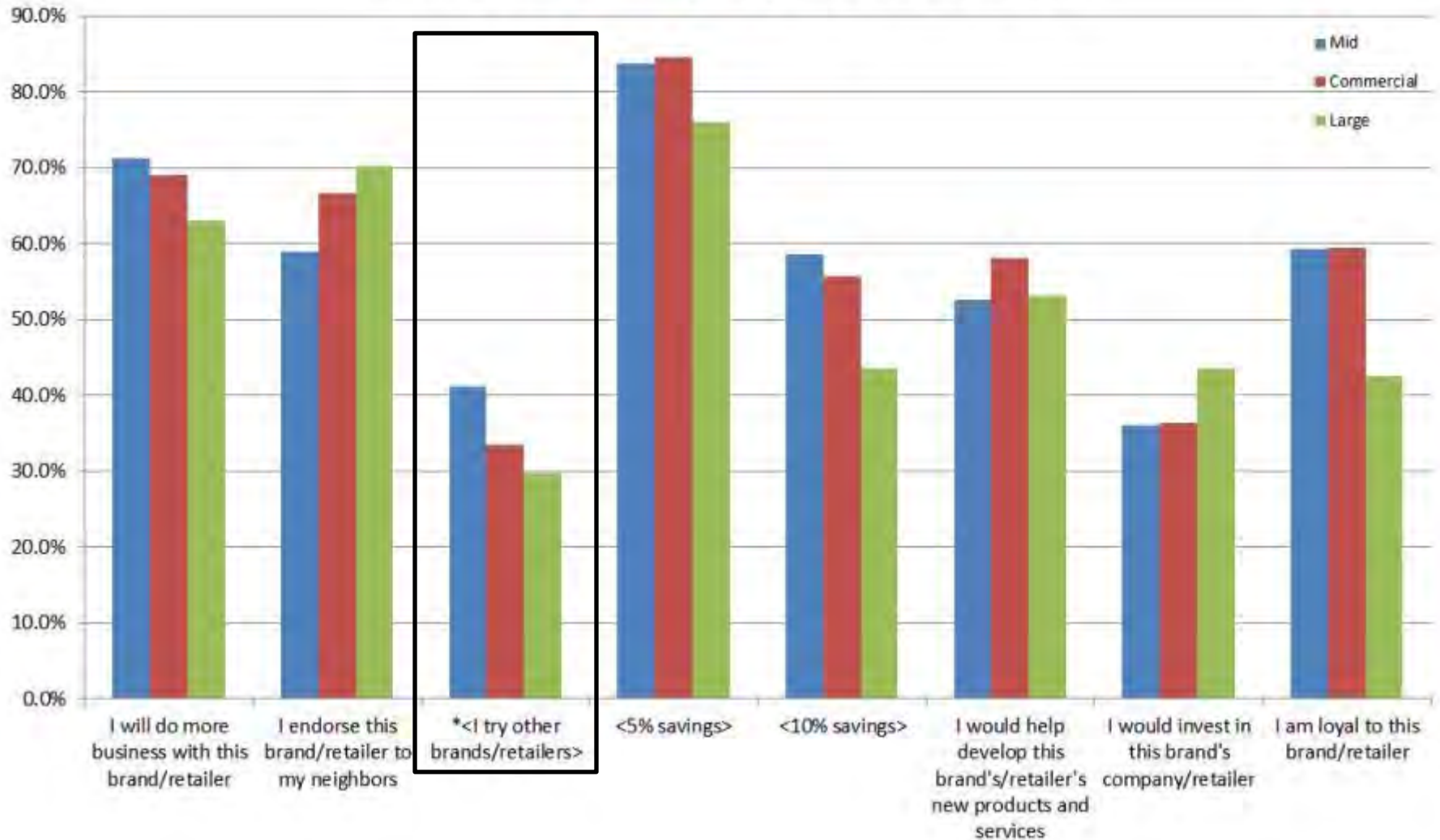
**BRANDS**

	<u>Seed</u>	<u>Crop Protection</u>	<u>Feed/ Nutrition</u>	<u>Animal Health</u>	<u>Fertilizer</u>	<u>Capital Equipment</u>
a. I will do more business with this brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. I endorse this brand to my neighbors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. I try products other than this brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. I would switch to another brand for a 5% savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. I would switch to another brand for a 10% savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. I would help this brand's company develop new products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. I would invest in this brand's company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. I am loyal to this brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

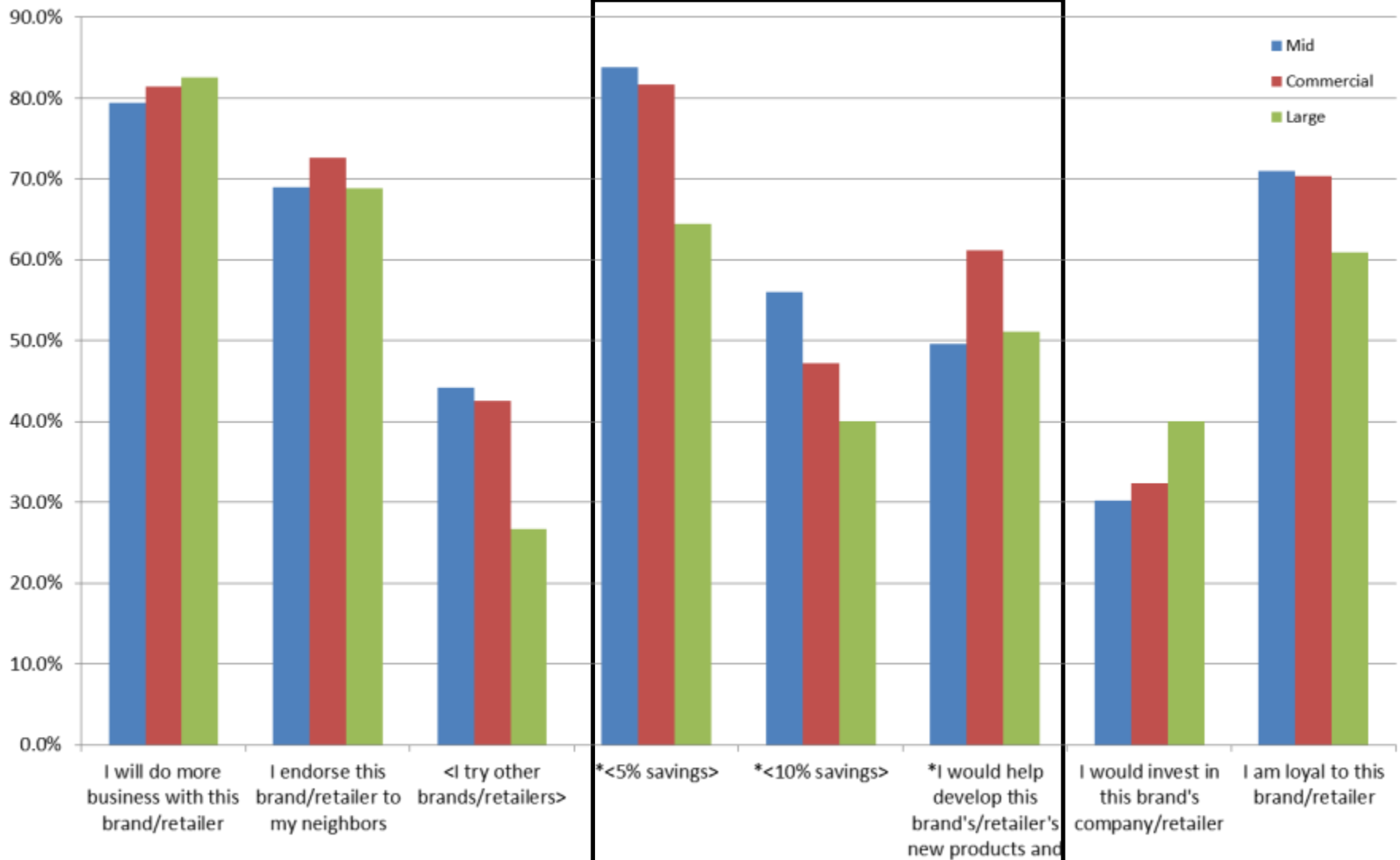
# Seed Loyalty (crop)



## Seed Brand Loyalty by size (crop)



## Seed Retail Loyalty by size (crop)

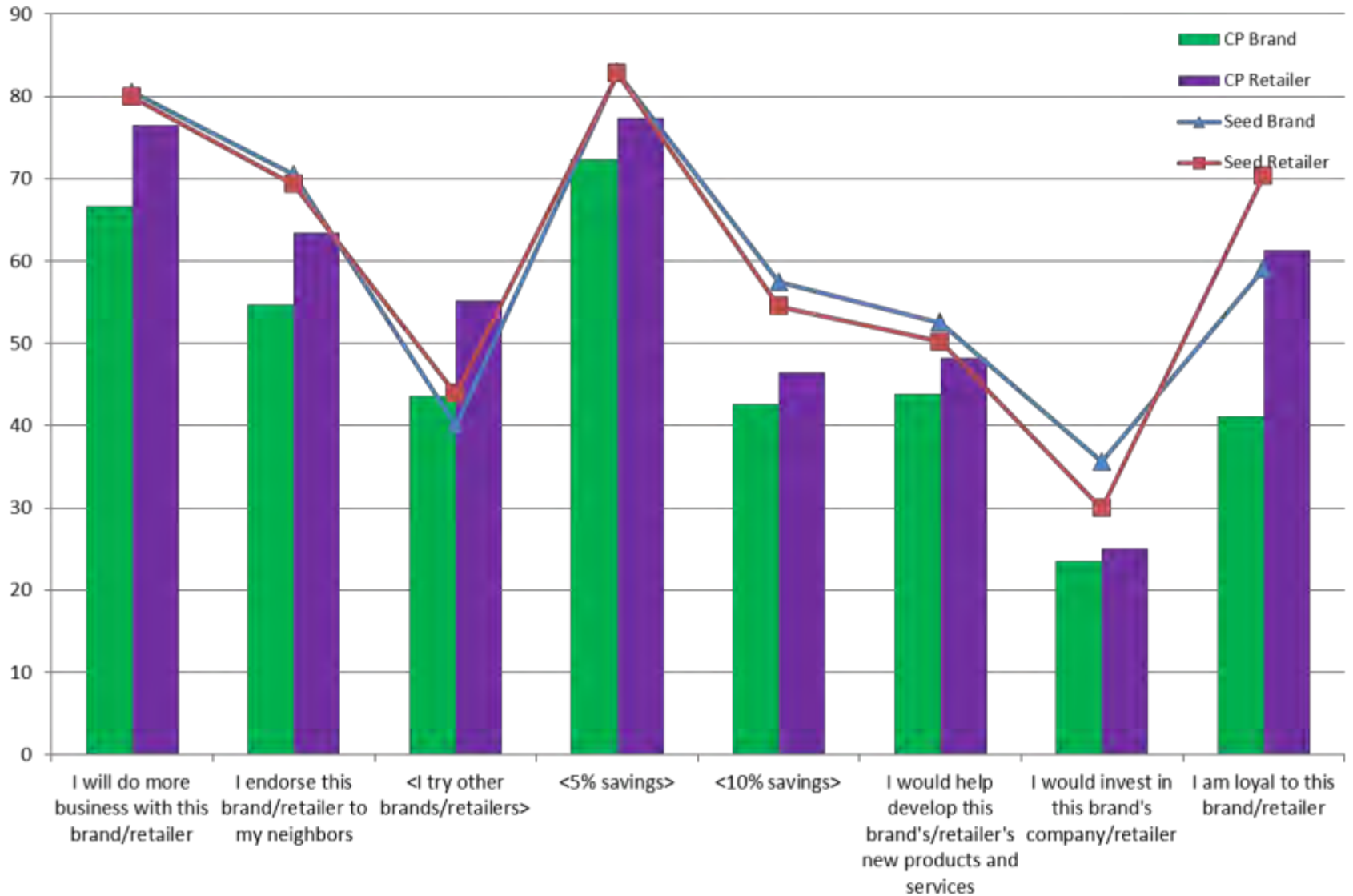




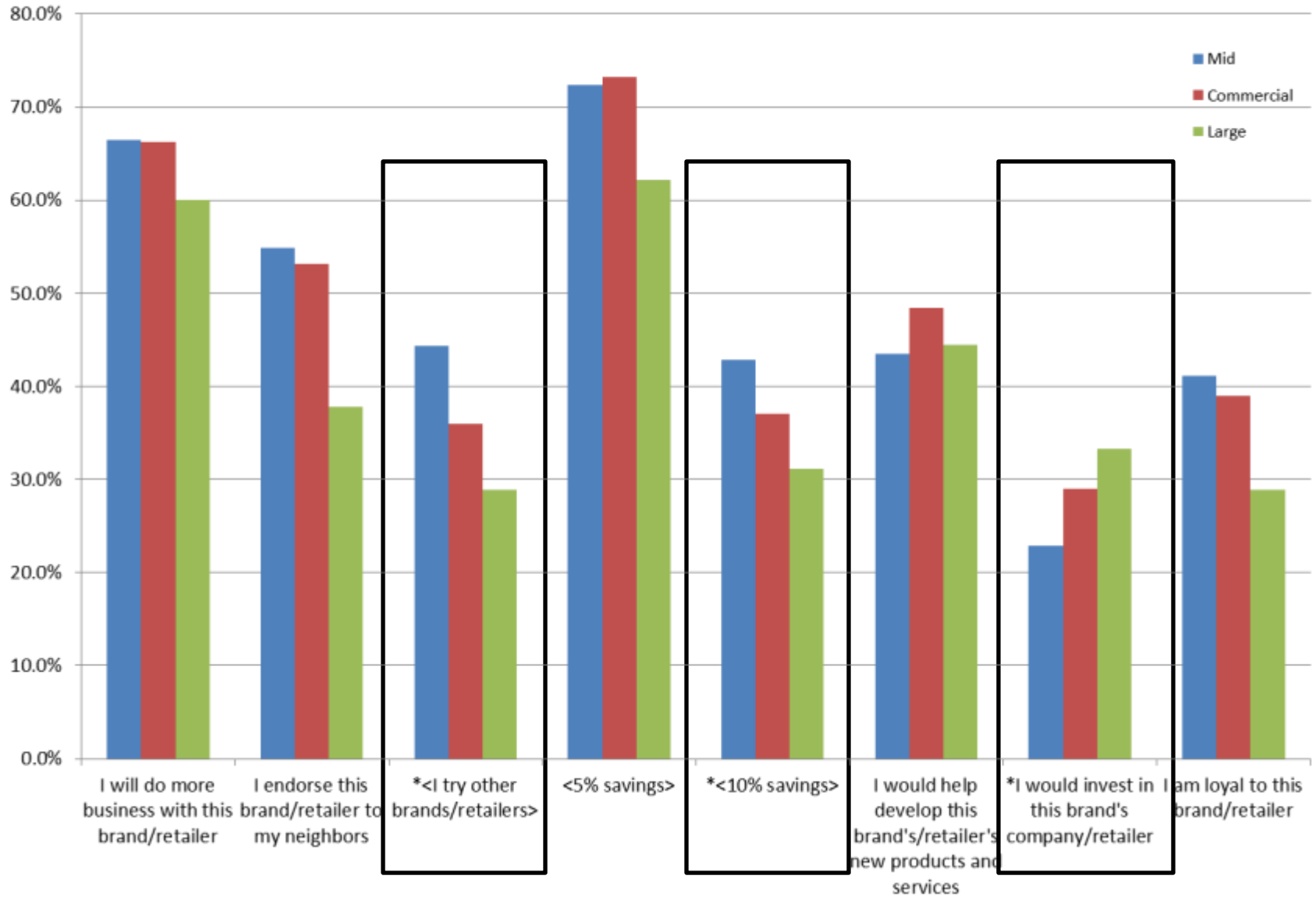
# Seed

- Stated Loyalty to Retailer
- Seed brands: Commercial and Large have lower loyalty at 1 rung of ladder
- Seed retailer/dealer: Commercial and Large more price sensitive.

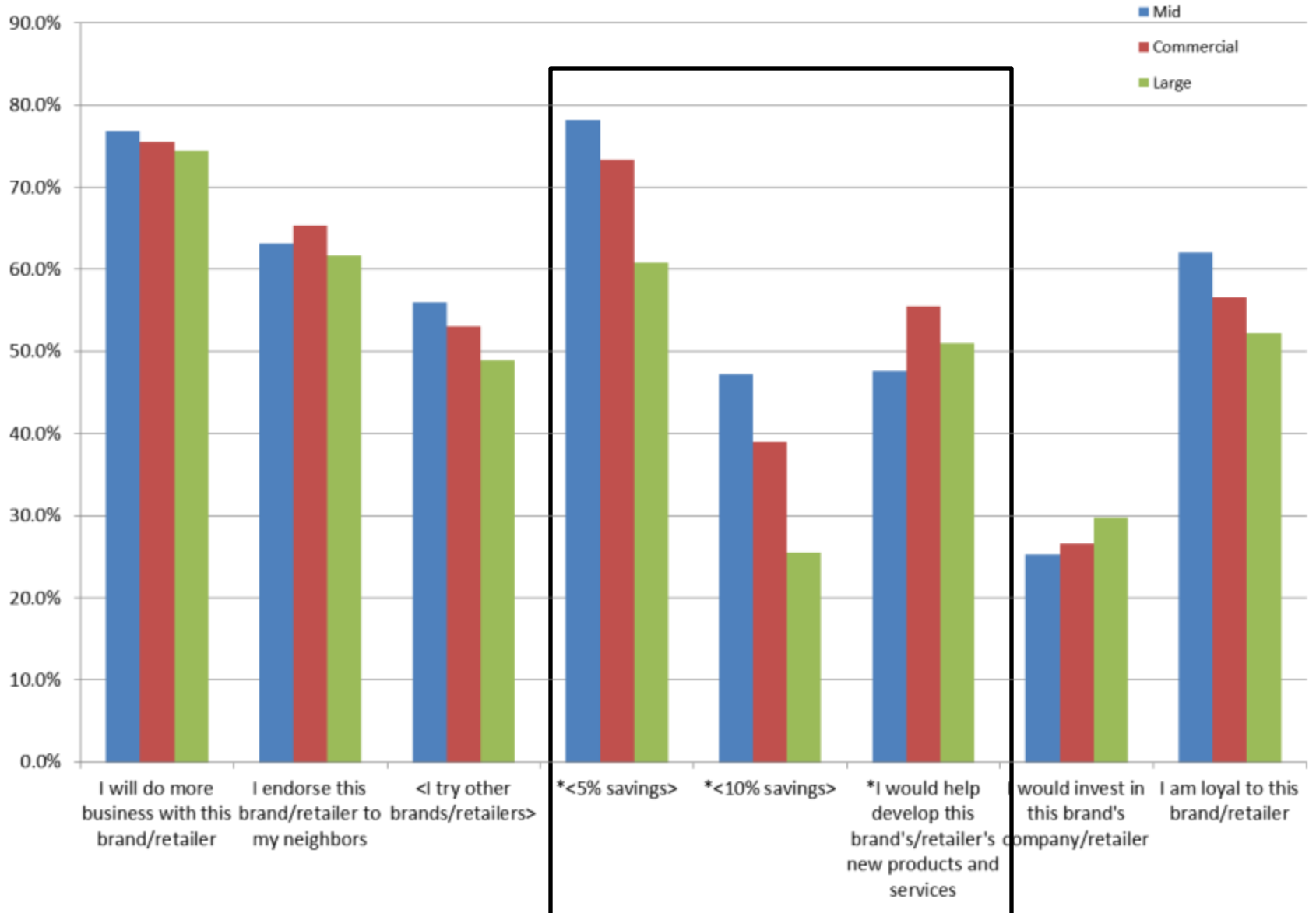
# Crop Protection Loyalty



# CP Brand Loyalty by size (crop)



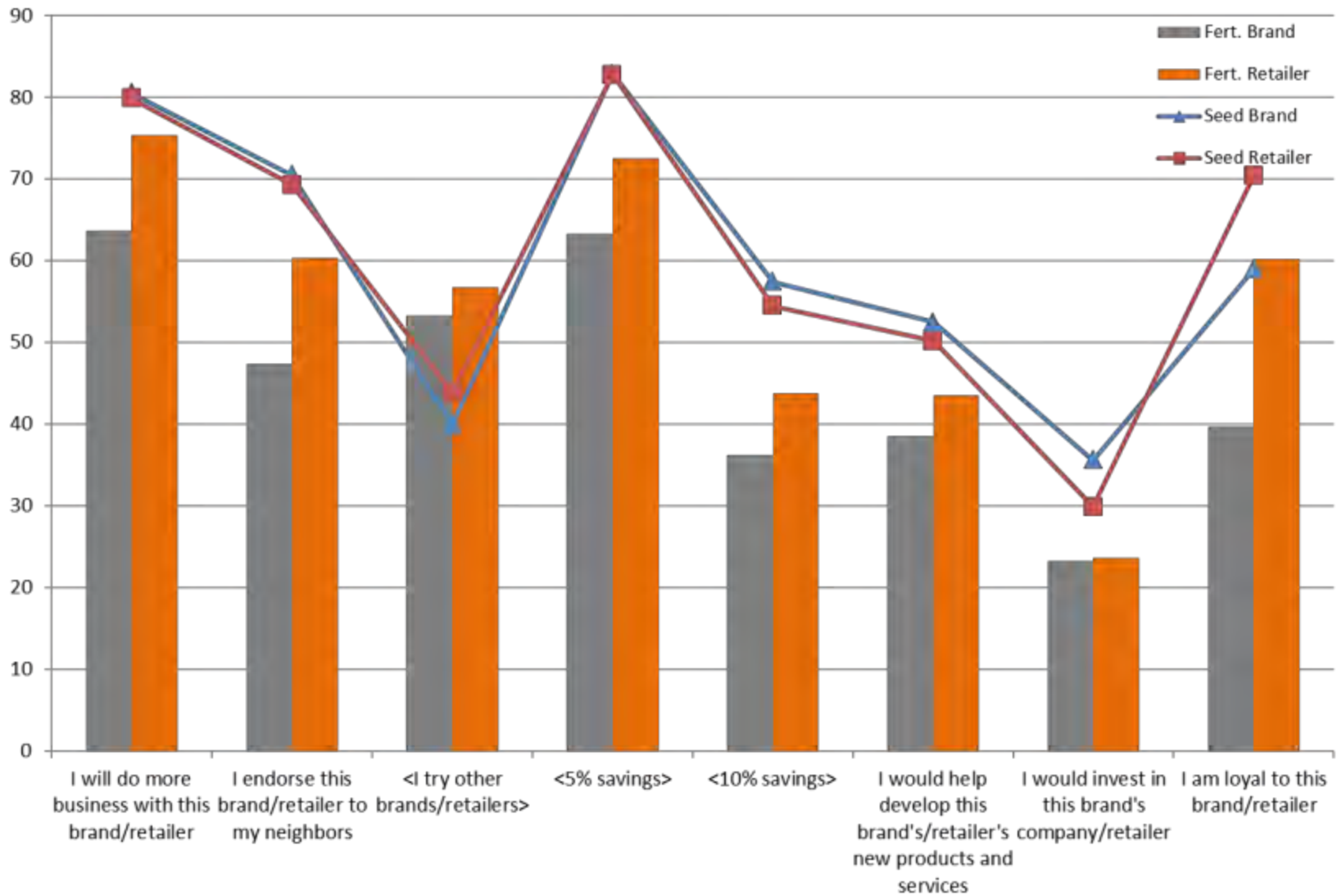
# CP Retail Loyalty by size (crop)



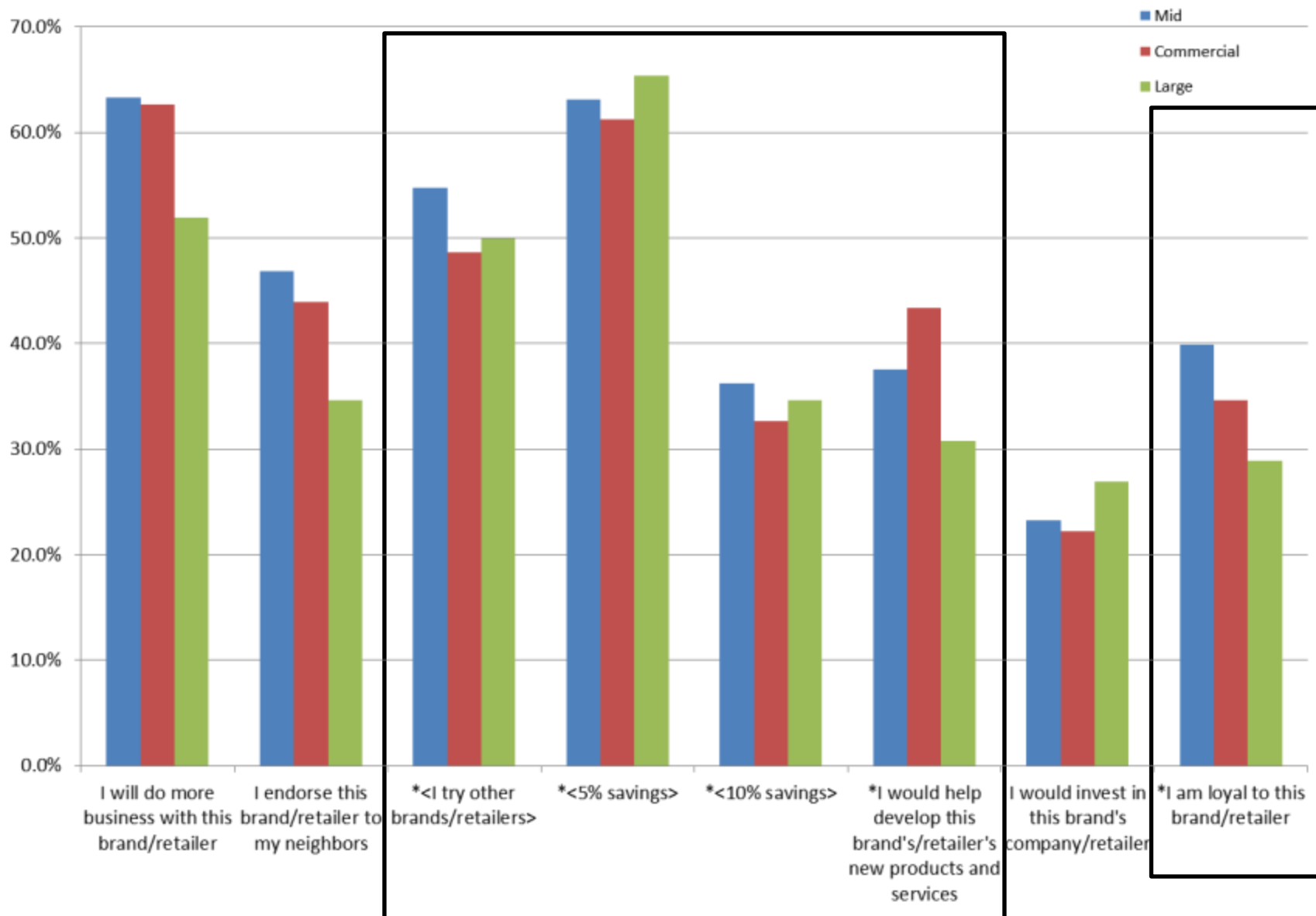
# CP

- More loyalty to retailer/dealer
- CP Brands: Large: More price sensitive, more willing to try others, more willing to invest
- CP Retailers/Dealers: Large more price sensitive (both levels). Commercial more likely to help with new products.

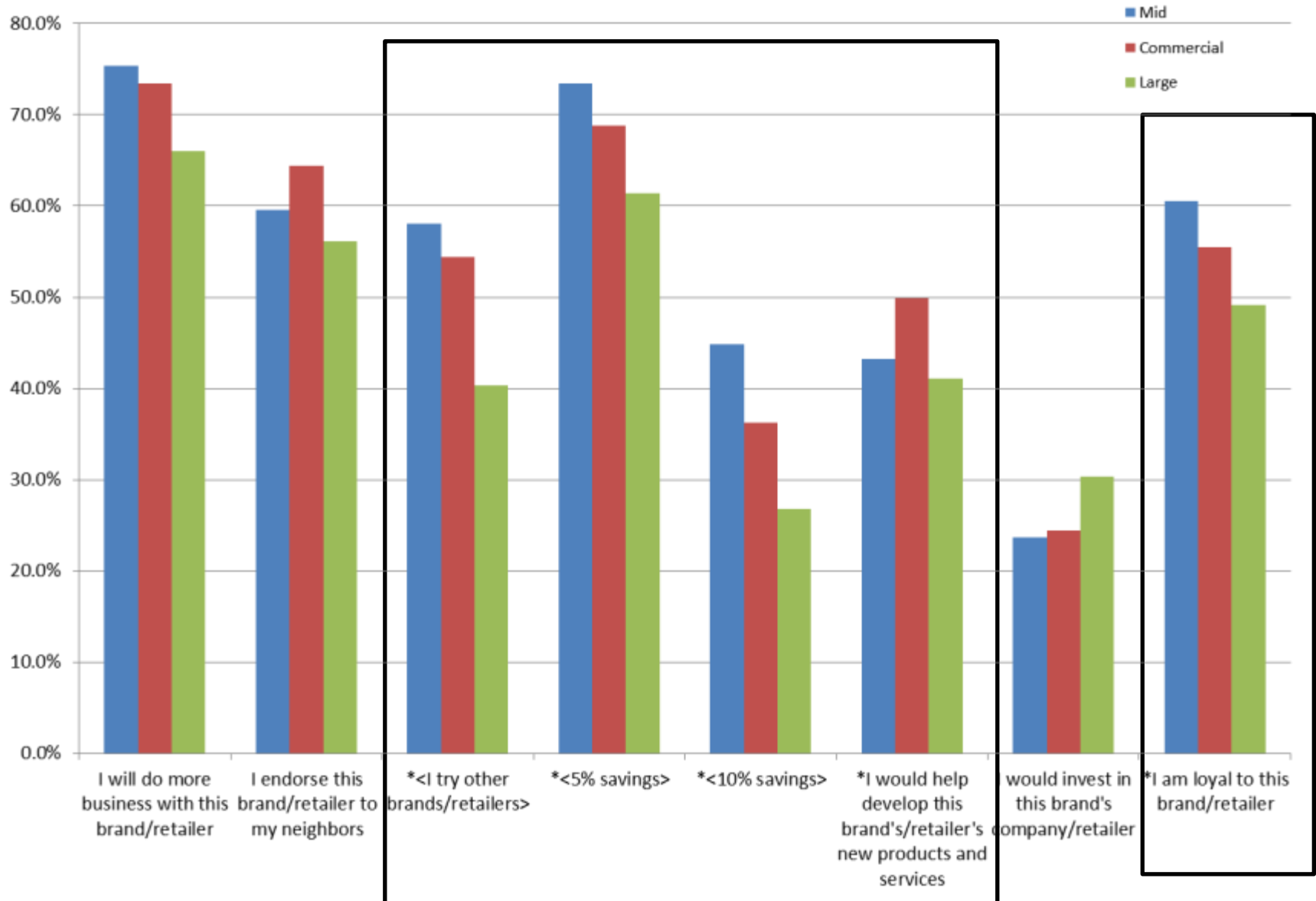
# Fertilizer Loyalty (crop)



# Fertilizer Brand Loyalty by size (crop)



# Fertilizer Dealer/Retail Loyalty by size (crop)

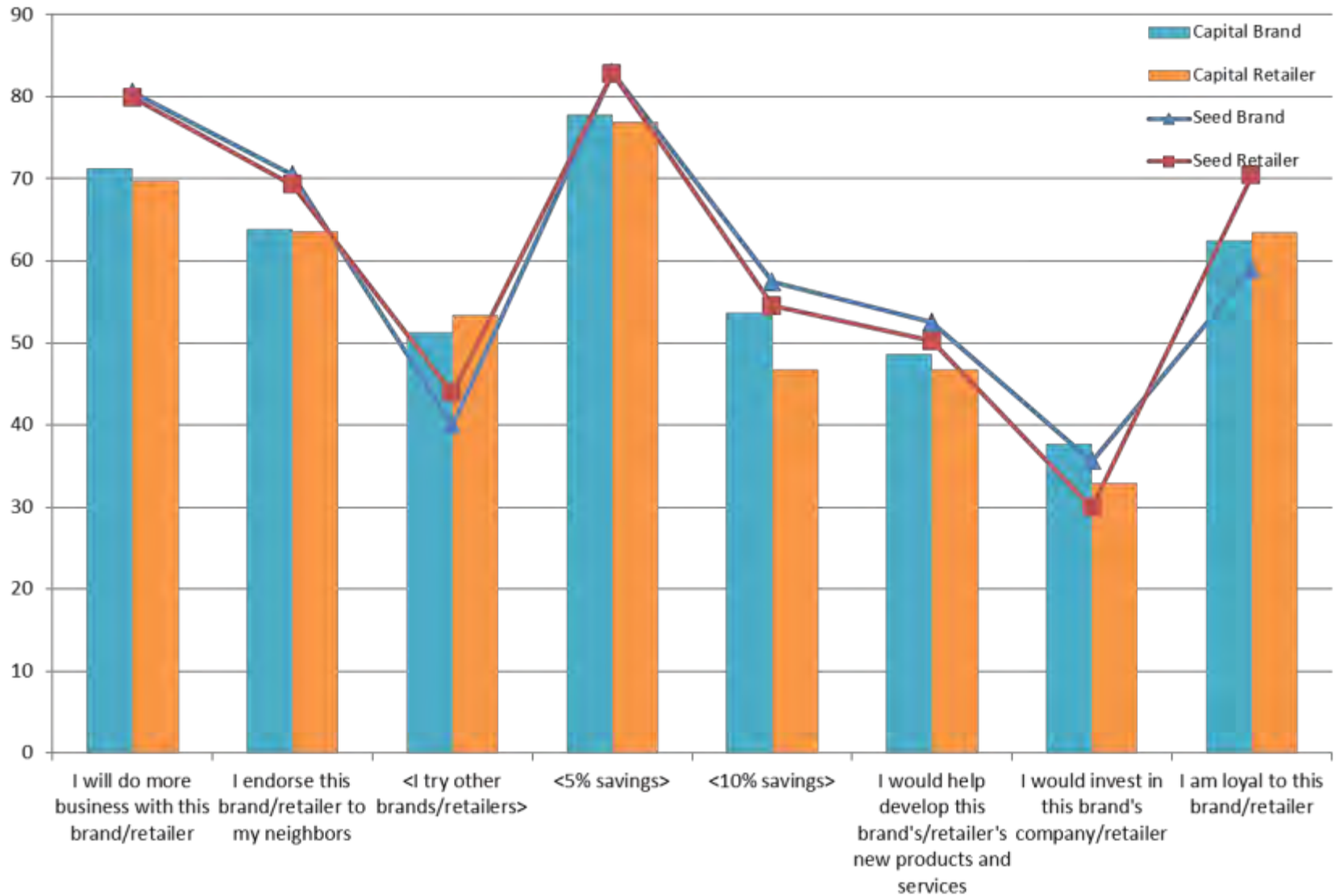




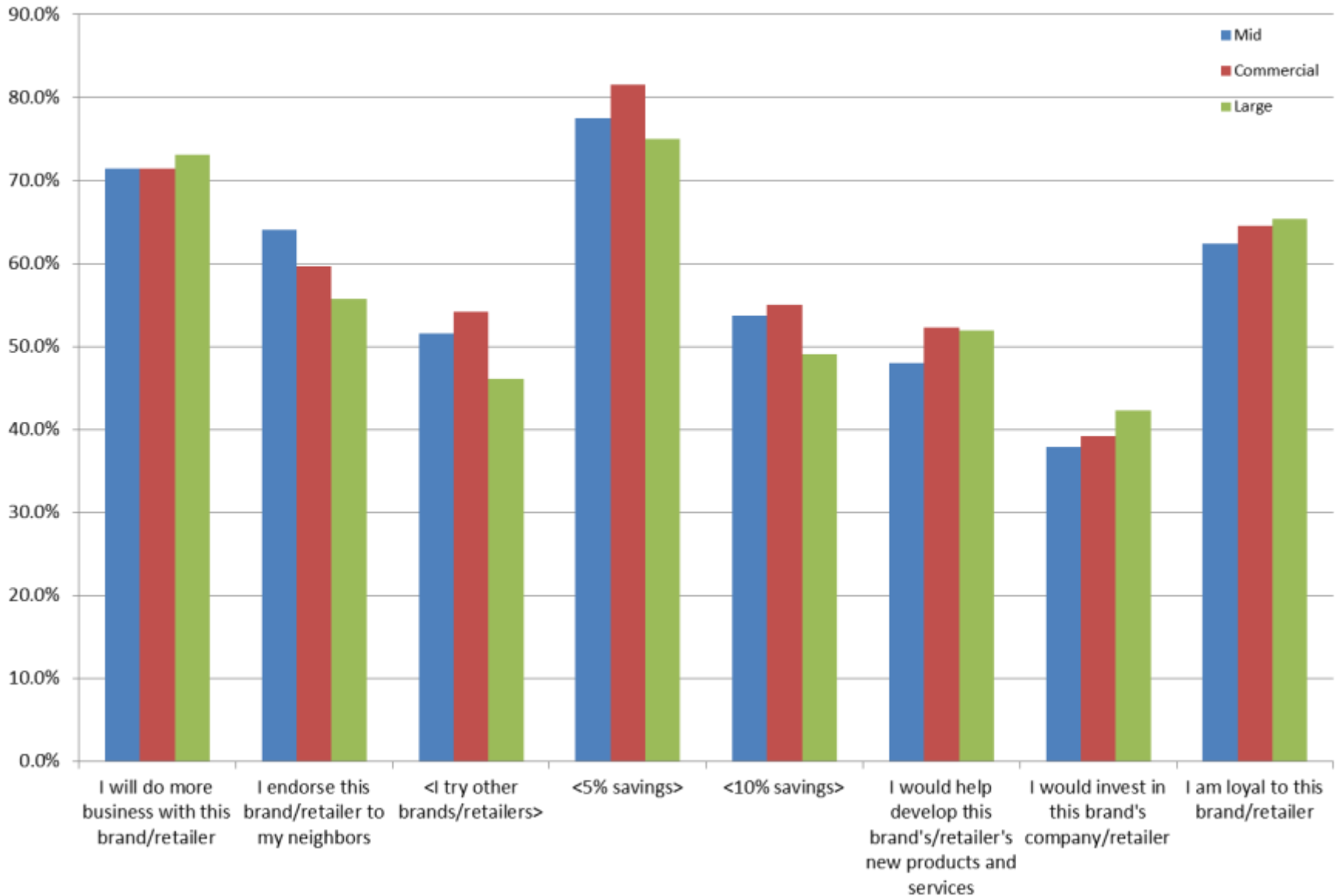
# Fertilizer

- More loyalty to retailer/dealer
- Fertilizer Brand: It's complicated.
- Fertilizer Retailer/Dealer: Large and Commercial farms less loyal.

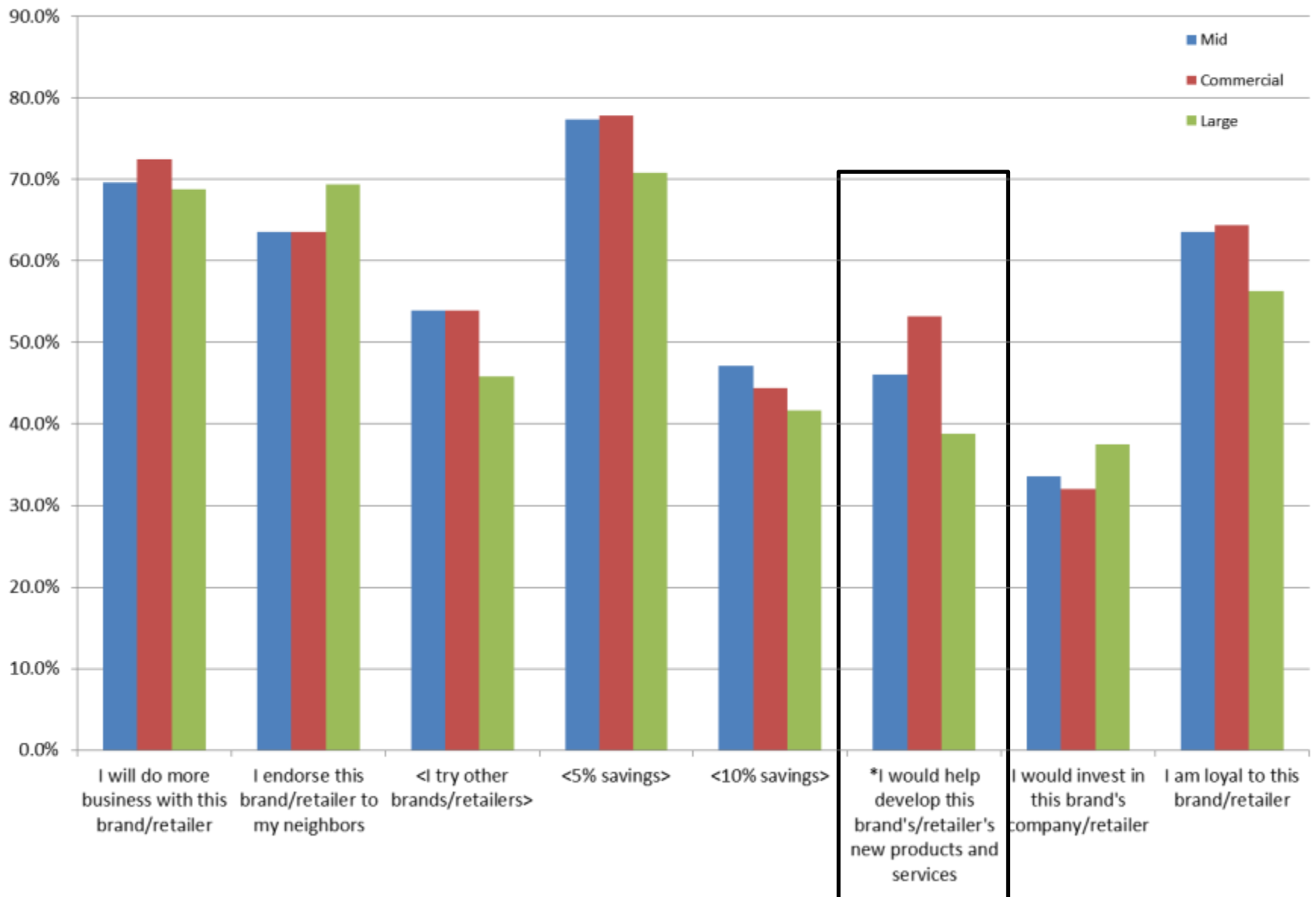
# Capital Equipment Loyalty (crop)



# Capital Brand Loyalty by size (crop)



# Capital Dealer/Retail Loyalty by size (crop)



# Capital

- Stated Loyalty to retailer/dealer
- Capital Brand: Statistically the same
- Capital Retailer/Dealer: Commercial most loyal on 1 rung of ladder

# Overall

- Stronger Loyalty in Seed and Capital
- It varies
- It's complicated

**PURDUE**  
UNIVERSITY

Center for Food and  
Agricultural Business