

MARKETING SATISFACTION

Two-thirds of growers agree they are at least *somewhat satisfied* with their marketing practices and results, but only one-third are *mostly or completely satisfied*.

It may be surprising that only 12 percent state they *mostly or completely disagree* with the statement, “*I am satisfied with my marketing practices and results.*”

What’s perhaps more interesting – and more important – are the differences between those producers who are at least *mostly satisfied* with their marketing efforts and those who are *mostly dissatisfied*. More satisfied than dissatisfied producers say they have a very good understanding of their cost of production and use it to set a price where they will begin sales. They also are more likely to have a written marketing plan.

Marketing Discipline – By Marketing Satisfaction



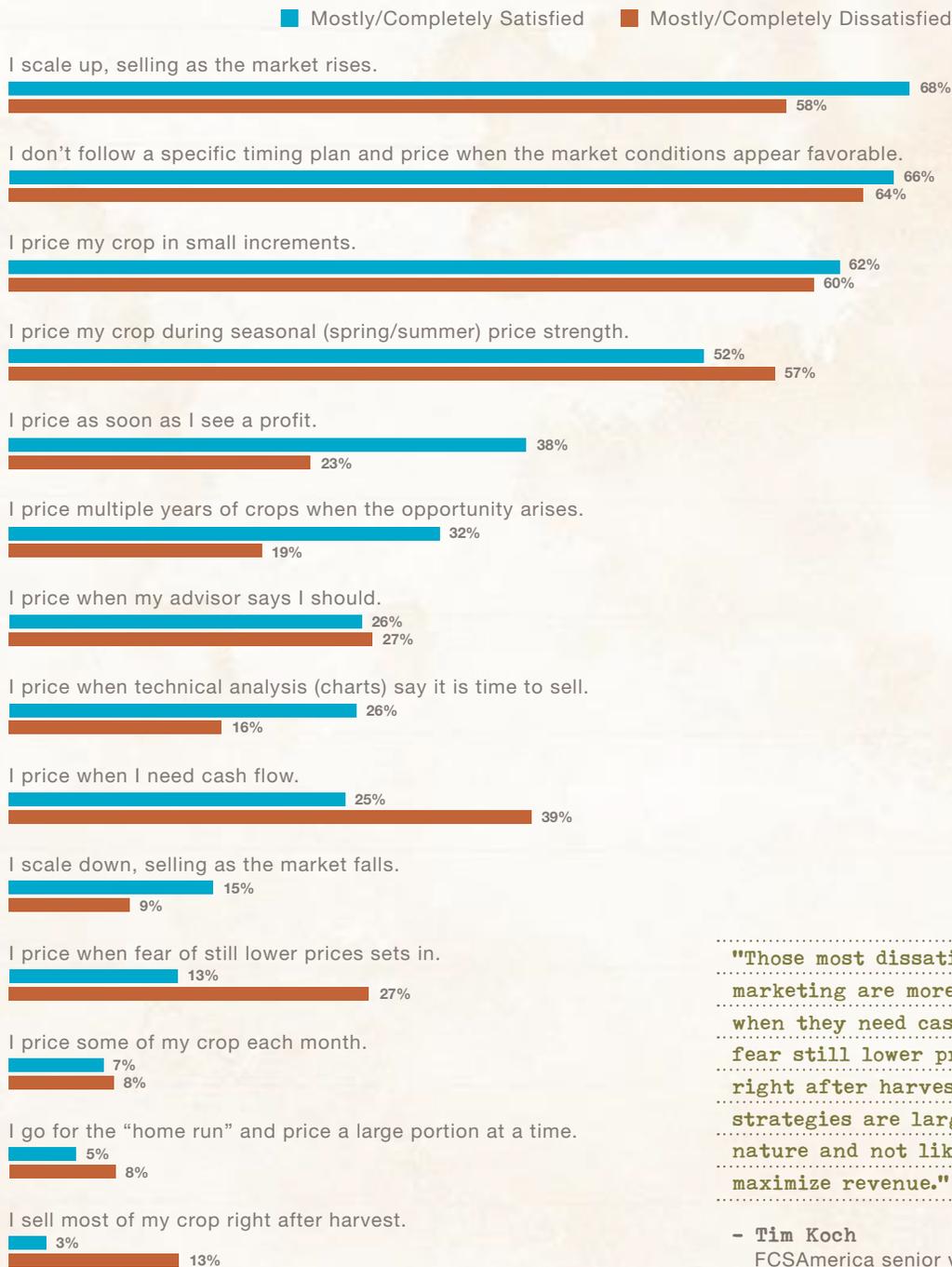
Percent of respondents

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 "Producers who know their cost of production - especially those who use
 accrual accounting and tie it to a written marketing plan - are in a much
 better position to help financial partners understand pricing decisions.
 That includes partners in the business and lenders as well."

- **Tim Koch**
 FCSAmerica senior vice president – chief credit officer

Producers satisfied with their marketing also differ in their use of pricing strategies. Satisfied producers are more likely to price as soon as they see a profit and price multiple crop years. They are less likely to sell most of their crop right after harvest, price when they need cash flow or price when fear of still lower prices sets in.

Use of Pricing Strategies – By Marketing Satisfaction



Percent of respondents

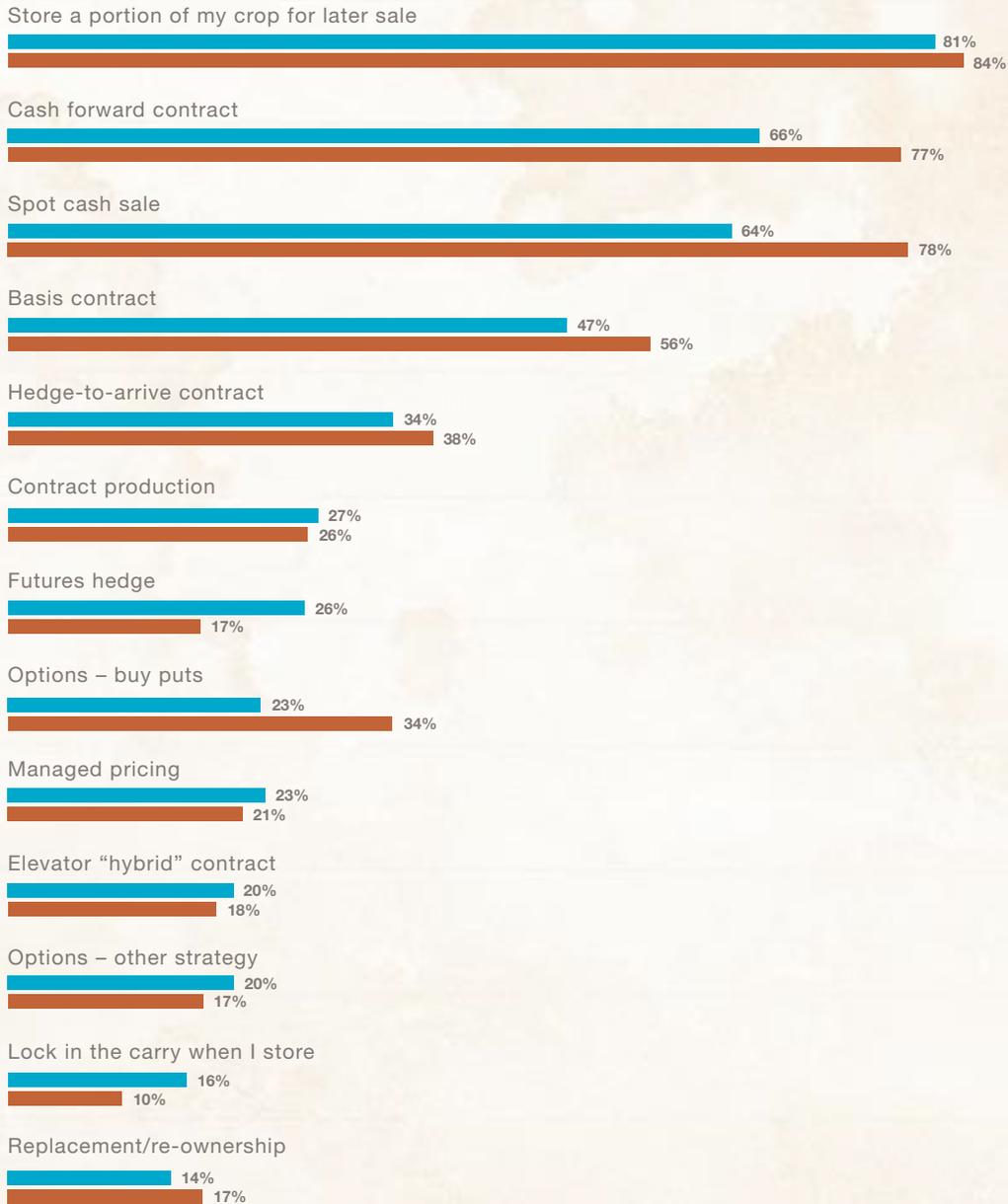
"Those most dissatisfied with their marketing are more likely to price when they need cash flow, when they fear still lower prices, or market right after harvest. These pricing strategies are largely defensive in nature and not likely to consistently maximize revenue."

- **Tim Koch**
 FCSAmerica senior vice president – chief credit officer

Futures hedging as well as locking in the carry on stored grain are more widely used by those who are most satisfied with marketing. Those *mostly or completely dissatisfied* with their marketing are more inclined to use spot cash sales, cash contracts and put option purchases.

Use of Marketing Tools – By Marketing Satisfaction

■ Mostly/Completely Satisfied ■ Mostly/Completely Dissatisfied



Percent of respondents

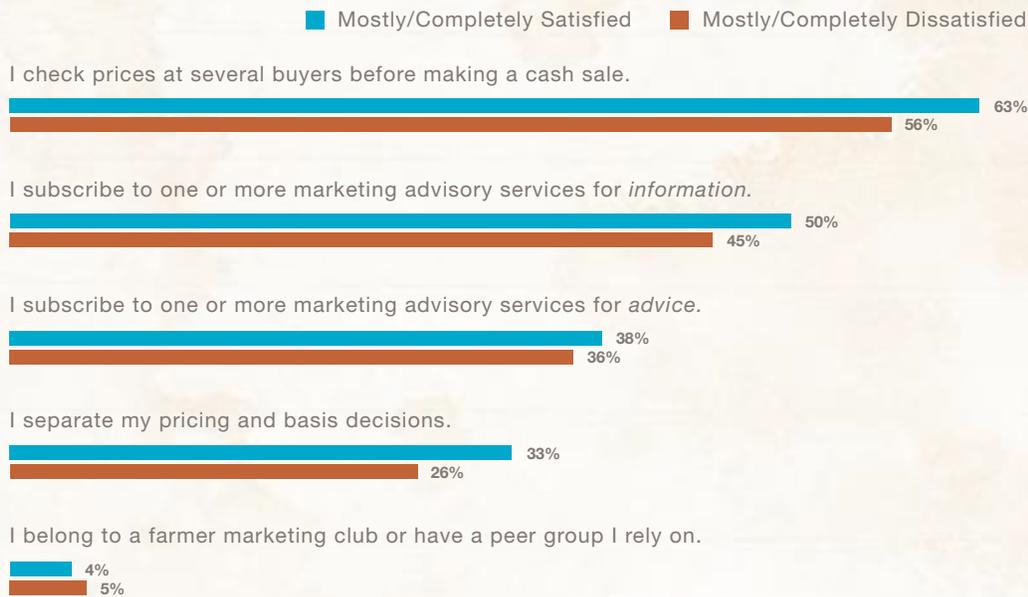
Of those who are satisfied with their marketing and use futures, significantly more agree with the statements that "futures hedges reduce my price risk within a crop year" and "futures hedges improve the price I get for my crop."

More satisfied marketers agree that "crop insurance is an important part of my risk management" and that "crop insurance gives me confidence to market my crop before harvest."

Timing strategies also are different between those most and least satisfied with their marketing. Satisfied producers are more likely to price at least 26 percent of their crops before planting.

Differences are seen in how satisfied versus dissatisfied marketers approach marketing and where they get information and support.

Use of Marketing Practices – By Marketing Satisfaction



Percent of respondents

Interestingly, more of those who are *mostly* or *completely satisfied* with their marketing results list erratic markets as their first or second marketing hurdle (57 percent versus dissatisfied at 42 percent). They also are less likely to list "regretting when I sell at the wrong price" (15 percent versus 31 percent) or "lack of understanding" (9 percent versus 23 percent) as top marketing hurdles. Dissatisfied producers more often rank "other issues dominate my attention" (25 percent) as their top or second hurdle.

Dissatisfied producers are more likely to say they are interested in learning more about financial management and decision-making, how to write a marketing plan and how to project costs.

Of those *mostly or completely dissatisfied*, 39 percent *mostly or completely agree* that they wish they had a mentor. Only 8 percent of the satisfied group did so.

More dissatisfied producers *mostly or completely agree* that *“I have attended marketing seminars but they don’t equip me to change the way I market”* (30 percent).

Twenty-one percent of dissatisfied producers agree that *“I studied marketing in college but still don’t understand how to use the various tools in my operation,”* while 16 percent agree that *“I understand futures and options but don’t have the confidence to use them.”*

Interest In Learning More – By Marketing Satisfaction

