

**CORN SEED MARKETING IN THE U. S. A.**G. LAWRENCE MIX <sup>1)</sup>Conference paper  
Received 12.10.1992**INTRODUCTION**

First of all, I want to thank you for the opportunity to address this distinguished group of scientific professionals of the Croatian Agronomy Society.

I've been asked to tell you about how corn seed is produced and marketed in the United States. I am not an expert on production, marketing, nor the U. S. corn seed market. However, I will tell you what I know and perhaps some of it will prove interesting and useful.

I will focus my remarks on marketing only since this is the area with which I am most familiar. Given that Croatia is moving to build new connections with the western market economies, I believe the question of how to market may be one of the factors most relevant to your success.

I will also limit my remarks to how one particular company markets corn seed in the U. S.: DEKALB Plant Genetics. This is because DEKALB is the only company I've worked for since I joined the U.S seed industry 6 years ago. There are many corn seed companies in the U.S. as I'm sure you know, DEKALB is a good example to use since it has a long history. DEKALB marketed its first corn hybrid in the U.S. in 1934-so it has nearly 60 years of experience in this field. And it was the first company to market large quantities of single cross hybrids in the 1960's. Today, DEKALB is a major international researcher, producer and marketer of seed of hybrid corn, sunflower and sorghum as well as varietal soybean and alfalfa seed.

**Now a few general remarks on marketing corn seed in the U. S. A.**

A. Over the past 60 years, DEKALB has learned a few things about what works and what doesn't work so well in marketing corn seed. If I. were to try and summarize very simply what we have learned I would say: to succeed you must figure out what product the farmer wants. Then you must deliver it to him in a fair, professional, cost effective and timely manner. The market system is defined by what the customer wants, not by what the supplier has to offer. Those who respond most quickly to the customer's wants are most successful.

If you are operating in a free and competitive market environment such as the United States, where the farmer can choose to buy corn seed from hundreds of companies, then to succeed you must offer your customer something extra. You must have a competitive advantage such as better hybrid performance, better customer service, better quality, more flexible business terms, competitive pricing - or some combination of these. In short, you must offer the customer a better value for each dollar (or dinar) he pays for your product.

B. Perhaps the most interesting characteristic of the U.S. corn seed industry is that its technical and commercial successes have been achieved more as the result of

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<sup>1)</sup>G. LAWRENCE MIX, DEKALB Plant Genetics, Office for Central Europe

competitive free market forces than as a result of government regulations. The seed laws which do exist are designed primarily to encourage fair and the best job. Market forces, not government forces are the primary "police" of the system.

As a company which invests more than 30 million dollars annually to research and develop improved varieties, we consider laws which protect breeders rights (i.e., PVP laws such as are contained in the UPOV system) to be very important. We cannot justify this big research investment unless it is somehow protected.

The most important accomplishment of the U.S. corn seed industry under the free market system is that the U.S. corn farmer is perhaps the best served corn seed customer in the world in terms of selection, quality, price, hybrid performance and most importantly, the profitability of his farm business.

I am told that following your hard won and much deserved independence, Croatia's economy in general and its seed industry in particular, are making a transition from a centralized system to a more open, free market system. Certainly each country has conditions which influence how things can best be done. As you seek to organize your seed industry along new lines, perhaps some of our experience in the U.S. may prove useful for you.

#### **Now some specific remarks about how DEKALB markets seed in the U.S. A.:**

DEKALB markets corn seed in the U.S. from the Atlantic to the Pacific Coast through a large network of farmer dealers, distributors and agricultural supply stores.

The most important element of our marketing system is the farmer dealer. The DEKALB farmer dealer is an independent private farmer selected because he is a respected leader among farmers in his area. He knows the local growing conditions and how DEKALB hybrids perform because he has tried them on his farm. With this knowledge, he visits other farmers in his territory, provides them with product information and performance data, he convinces them to buy and then takes their orders. He also delivers the seed after the sale. DEKALB has nearly 7000 farmer dealers across the U.S.

Supporting the farmer dealers are more than 100 DEKALB district sales managers. These are company employees who are highly trained sales professionals. They assist the farmer dealer by providing him selling techniques, motivation and information about the products and the company. Additional technical support is provided by a network of some 20 DEKALB sales agronomists. These agronomists provide current information to farmers about how to manage DEKALB varieties for maximum performance.

Supporting this large field network of sales professionals is DEKALB'S sales and marketing department located at our headquarters office in DeKalb, Illinois, This department has several responsibilities:

- Collect and analyze information from our field staff about what kind of performance characteristics the farmer expects and pass this information to our corn research department so they can develop new hybrids which meet his needs.
- Develop sales incentive programs to encourage new customers to try DEKALB hybrids for the first time and to persuade existing customers to plant more DEKALB seed.
- Create advertising and promotional programs to inform customers about DEKALB products and maintain a strong DEKALB brand image.

### **The FACT Program**

To conclude I would like to tell you about one of DEKALB's most important Research and Marketing Tools: the FACT program. FACT stands for: Field Analysis Comparison Trial.

- Final stage of testing before commercial introduction of new hybrids.
- On farm strip trials- using the same management practices the farmer normally uses. The hybrid is evaluated under actual commercial conditions, not just research.
- To help compensate for field variability the same check hybrid is planted between each new hybrid being evaluated. Competitor hybrids are also included.
- More than 1000 corn FACT plots are planted each year in key corn growing areas. So a farmer can easily check how DEKALB hybrids perform in his area.

Thank you very much for this opportunity to meet with you today. And special thanks to Dr. Matotan for inviting me to participate. I would be pleased to respond to any questions you may have on marketing, and, if time allows, to tell you about DEKALB's corn seed production in the U.S.

### **Question and Answer Session**

Q: How many hectares does a farmer dealer have?

A: The DEKALB farmer dealer is an independent private farmer. So he may farm 300 or more hectares producing corn and other crops. But if you mean, how many hectares are in his sales territory, that varies widely. I would estimate that on average each farmer dealer has 30 to 40 farmers in his territory, some of which are already DEKALB customers and some of which are only potential customers.

Q: How much corn seed does the average DEKALB farmer dealer sell each year?

A: Corn seed in the U.S. is sold in 80,000 kernel units. I would estimate a typical farmer dealer might sell about 300 such units in a year. But some of our larger dealers might sell 1000 or more units.

Q: How are farmer dealers paid and how much?

A: Farmer dealers are independent, not employees of DEKALB.

Therefore, they do not receive any salary. Instead, they earn a margin on each bag of seed they sell.

### **Production Operations**

Foundation Department - Increases parents under carefully isolated field conditions.

Production Department - Seed production takes place at 13 seed conditioning plants at key locations across the corn belt (geographic diversity).

Production is contracted with local farmers. Farmers are selected on the basis of proven experience and good fields. DEKALB does not own any production fields.

A management team consisting of a plant manager, assistant plant manager and a production agronomist supervises all phases of the production including the following 7 steps in the field:

- 1 - Execute contracts with farmers who grow seed
- 2 - Plan for field isolation
- 3 - Supervise planting

- 4 - Organize detasseling\* and roguing
- 5 - Control genetic purity
- 6 - Check for disease and other damage
- 7 - Supervise the harvest and transport to plant.

(\* Detasseling done both by hand and by machine.)

At the seed plant the seed is sorted, husks removed, dried, shelled, cleaned, calibrated, treated, bagged and tested for quality. An average seed plant may have 8 to 10 full time employees and 30 part time employees during the harvest season.

Supporting the production activities are:

- Q. A.: Comprehensive control system to monitor each seed lot from planting to bagging. Conduct mechanical purity, cold stress and warm germ tests. - Genetic Services: Conduct isozyme analysis and grow out tests to control genetic purity.
- Parent Seed Services: In hand-pollinated nurseries, parent lines are examined and maintained to ensure they are true to type.
- Production Research: To find better ways to produce seed.
- Engineering: Designs and supervises construction of plants and oversees their maintenance.