

A Special Management Report From

Ag Equipment Intelligence

BRAND LOYALTY IN THE FARM EQUIPMENT BUSINESS

An Ag Equipment Intelligence Staff Report

Contents

Brand Loyalty Part 1: Most Farmers Still Loyal to 'Their' Brand..... 2
Brand Loyalty Part 2: Does Farmer Revenue Matter?..... 7
Brand Loyalty Part 3: Farmers & Dealers Differ on the Direction of Brand Loyalty..... 10
Brand Loyalty Part 4: How the Major Ag Equipment Makers Fared in the Brand Loyalty Study 14

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Brand Loyalty Part 1: Most Farmers Still Loyal to ‘Their’ Brand

Like the results of the brand loyalty studies conducted in 2011 and 2014, this more recent survey again demonstrates that farmer brand loyalty is alive and well in the ag equipment business — and much of it is built on customer loyalty to the dealer.

Dave Kanicki, Executive Editor

Traditionally, farmers are known to be dogged loyal to and identify closely with certain “colors” when it comes to the brand of equipment they purchase. To emphasize the competitive nature of the farm machinery business, not too awfully long ago, it was common to see signs in dealerships that read, “Friends don’t let friends drive red tractors” or “green tractors,” whatever the case may be. It wasn’t at all unusual to hear farmers brag about the superiority of their preferred brand of machinery.

While some in the ag equipment business insist that this level of brand loyalty has diminished over the years, this isn’t what farmers are telling us.

Every 3 years beginning in 2011, Farm Equipment has conducted a survey of farmers across 12 states encompassing the Corn Belt (Illinois, Indiana, Iowa, Ohio, Missouri), Lake States (Michigan, Minnesota, Wisconsin) and Northern Plains (Kansas, Nebraska, North Dakota, South Dakota) regions of the U.S. to gage the level of loyalty they hold toward equipment. That survey of farmers in those same states and using the same questions were replicated in 2014 and again in June of this year.

The only difference this year is not only were all of the responses aggregated, but they were also segmented by annual revenue levels: by farmers who earned \$500,000-\$999,000 in annual revenue (identified in Part 2 of this report as <\$1M) and those who earned \$1 million or more in annual revenue (>\$1M). This year, we also asked one additional question that related to the current low commodity price environment the industry has operated in the past few years.

Once again, the survey was aimed at determining how growers see themselves when it comes to their brand loyalty toward farm machinery and to determine any sig-

nificant trends in brand preference. It was also designed to consider the role of dealers in how farmers feel about the tools of their trade and what it would take to get them to switch their allegiance to another brand of equipment.

As in the past two surveys, this one, which was conducted in June 2017, included the four major brands of ag equipment typically found in a row-crop operation. These are AGCO brands, including Massey Ferguson and Challenger, Case IH, John Deere and New Holland.

In total, 276 producers completed the 7 question survey this year.

Still Loyal After All These Years

Farmers were asked to indicate “*The primary brand of tractors and combines on your farm*” and were only allowed to choose one of the four listed or “none of these.” Considering usable responses, 60% said their primary brand was John Deere and 25% identified Case IH as the predominant brand of equipment on their farms. Some 7% of farmers indicated AGCO was their primary brand, about 6% checked off New Holland and 2% said “none of these.”

A comparison of farm respondents by brand clearly shows that Deere dealers continued to dominate overall volume of survey responses as they did in the first two studies. This could be reflective of the estimates of North American market share in large ag equipment. According to Piper Jaffray, an investment bank headquartered in Minneapolis, Deere is estimated to have a 53% share of market in high horsepower tractors, followed by CNH Industrial (Case IH and New Holland) at 35%, AGCO with 7% and “other” with 5%. According to the investment bank, Deere holds about a 63% share in combines, CNH Industrial an estimated 30% and AGCO with 7%.

Overall, the results of the survey demonstrate that farmers believe they’re as loyal as they’ve ever been, if not more devoted to their brand of choice. Responding to the question, “*Would you describe yourself as ‘brand loyal’ — purchase the same brand year-after-year — when you purchase tractors, field equipment or combines?*” 75% answered “Yes.” That’s up from 69% who said “Yes” in 2014 and 63% in 2011.

The following table shows the farmers’ level of loyalty in aggregate (industry/all farmers) as well as broken down by the major brand each respondent selected as their “primary” brand.

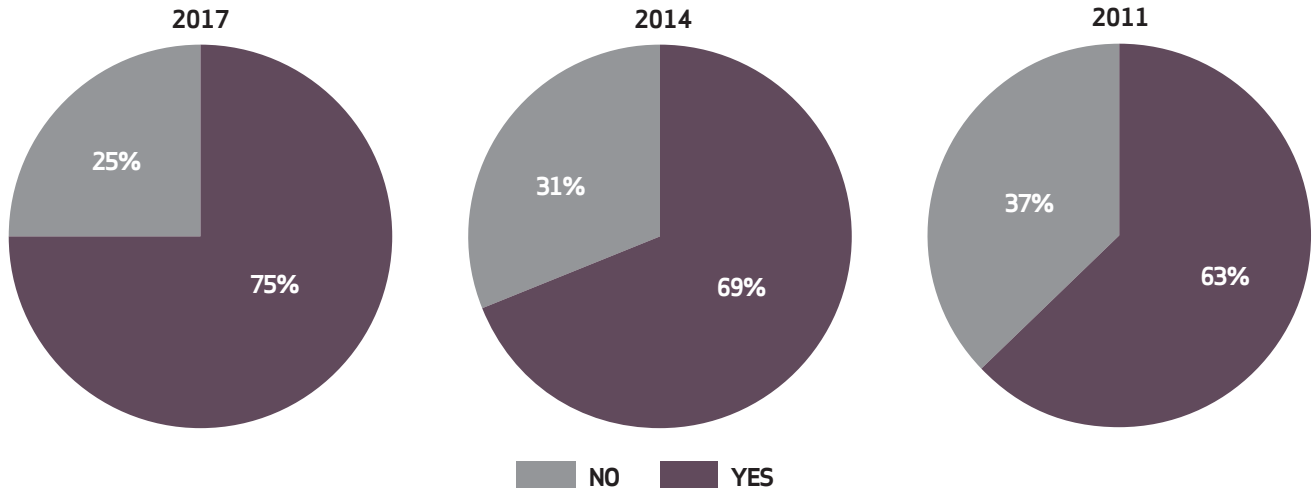
As shown in the table, loyalty to three of the four brands covered in the study increased since the last study

Farmer Respondents by Brand

	2017	2014	2011
AGCO	6.5%	5.5%	4.0%
Case IH	25.4%	32.1%	17.2%
John Deere	60.1%	54.1%	66.7%
New Holland	5.8%	7.3%	9.1%
None of These	2.2%	1.0%	3.0%

Source: Farm Equipment survey, June 2017

Are You Brand Loyal? (all farmers)



When asked, “Would you describe yourself as ‘brand loyal’ — purchase the same brand year-after-year — when you purchase tractors, field equipment or combines?” 75% of farmers responding said “yes,” which is up 6% since the last study.

Source: Farm Equipment survey, June 2017

in 2014, while the fourth stayed even with its score from 3 years earlier.

Compared to 2014, AGCO made the most progress in increasing its level of loyalty among farmers who said that an AGCO equipment brand was their primary brand. It improved its score by 27% in the past 3 years and by 35% compared to 2011. Nonetheless, it still lags the other major brands, as well as the industry’s overall average level of customer loyalty.

When it comes to customer loyalty, John Deere farmers have been the most consistently steadfast since the first study in 2011, ranging from 73% in 2011, 71% in 2014 and 77% in the most recent survey. The 6% gain over the past 3 years was equal to that of Case IH during the same period.

However, Case IH edged out John Deere — 80% vs. 77% — in terms of the total percentage of each compa-

ny’s customers who say they are loyal to “their” brand. They also showed a very significant 45% improvement since the first study in 2011.

The same percentage of New Holland farmers who reported being loyal to New Holland equipment in 2014, 63%, reported being loyal in 2017. While the manufacturer of blue tractors didn’t gain any ground, they also didn’t lose any of their farm base over the past 3 years, and they’re up considerably (19%) since the first study in 2011.

Loyalty Past vs. Present

The farmers were also asked to describe their feelings about their primary brand today vs. 5 years ago. They could choose only one of 5 responses: *Significantly more loyal*, *Slightly more loyal*, *About the same*, *Slightly less loyal* or *Significantly less loyal*.

Overall, the manufacturers lost some ground in this area. Industry-wide, without regard to brand, 21% of farmers reported being “more” loyal and 23% reported being “less loyal.” Over half, 56% said they feel about the same as they did 5 years ago.

AGCO farmer responses in the most recent study slightly favored “more loyal” (25%) vs. “less loyal” (24%). But it was a huge improvement over the 2014 survey when only 16% said they were “more loyal” and 33% said they were “less loyal.”

The loyalty level of Case IH’s farmers improved by a net 3% in 2017, as 17% said they were overall “more loyal” and 14% reported they were “less loyal” compared to 5 years ago. In 2014, 14% of farmers claimed to be “more loyal” vs. only 3% who said they were “less loyal” than they were 5 years earlier.

In the 2017 study, fewer John Deere farmers said they were “more loyal” (21%) than reported being “less loyal” (23%). This is markedly different than the previous survey when 34% of John Deere farmers claimed they were “more loyal,” while 19% reported being “less loyal.”

New Holland fared somewhat better this time around than it did in 2014. In the 2017 study, 23% of New Holland farmers said they were “more loyal” and 17% reported being

Are You Brand Loyal? (all farmers & 4 major equipment brands)

Equipment Brand	2017 % Yes	2014 % Yes	2011 % Yes
Industry/All farmers	75	69	63
AGCO farmers	60	33	25
Case IH farmers	80	74	35
John Deere farmers	77	71	73
New Holland farmers	63	63	44

Source: Farm Equipment survey, June 2017

Loyalty Level to Primary Brand Currently vs. 5 Years Ago? (all farmers & 4 major equipment brands)

Equipment Brand	2017		2014	
	More Loyal* vs. 5 years ago	Less Loyal* vs. 5 years ago	More Loyal* vs. 5 years ago	Less Loyal* vs. 5 years ago
Industry/All farmers	22%	23%	29%	20%
AGCO	25%	24%	16%	33%
Case IH	17%	14%	14%	3%
John Deere	21%	23%	34%	19%
New Holland	23%	17%	25%	22%

*More loyal = significantly more brand loyal + slightly more brand loyal; Less loyal = significantly less loyal + slightly less brand loyal

Source: Farm Equipment survey, June 2017

“less loyal” for a 6% net gain. This was better than the levels they saw in the previous survey when 25% said they were “more loyal” and 22% said they were “less loyal.”

Starting the Purchasing Process

How customers initiate their buying process can also be an indication of their depth of loyalty. If a farmer decides to “look around” rather than go directly to a dealership that carries the brand of equipment that they’ve preferred in the past, it may only be a case of curiosity or to keep their dealer honest. On the other hand, it could also be a sign of discontentment with either their preferred brand in the past or possibly the dealership itself.

As in the past two brand loyalty surveys, farmers were also asked, “When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?”

Overall, 78% of all respondents answered “yes,” they desired to pur-

chase the same brand of product as the tractor and combine they currently own. This is up from 67% in both the 2011 and 2014 surveys. This would seem to further reinforce the current survey’s finding that most farmers are, indeed, solidly loyal to their preferred brand of equipment.

Comparing how the brands differ when it comes to their individual customers initiating the buying process, each improved their score compared to the 2014 study.

As in the past studies, more John Deere farmers, 84%, look first to John Deere products when initiating the buying process — by a large margin. This is up from 71% in 2014 and 79% in 2011.

Next are Case IH farmers as 76% of them indicate that, when they start looking to buy new equipment, first turn to Case IH products. This represents a 10% increase vs. 2014 and a 23% improvement when compared to 2011.

More than two-thirds (69%) of New Holland farmers continue to want to purchase New Holland machines when they start shopping,

as they’ve indicated in the past. In 2014, 63% of New Holland farmers begin their buying decisions by looking first to New Holland equipment, and that was up from 56% in 2011.

AGCO, too, showed solid improvement in the 2017 survey vs. the 2014 results. This time around, 65% of AGCO farmers reported wanting to first look to AGCO products when they decide to purchase new. This is a 15% improvement compared to the previous study.

What Have Farmers Bought?

To check and see if the farmers surveyed strayed from the path of buying all of their equipment from their primary supplier of ag machinery, the following question was asked: “Have you purchased any of the following items that were NOT manufactured by your primary-brand line in the last 5 years?”

In the 2011 and 2014, they were given six broad categories of equipment and asked to indicate “yes” or “no” they did or didn’t purchase another brand of equipment in each specific category. In the 2017 study, precision farming equipment was added to the list.

Except for haying equipment, the farmers who responded to the 2017 survey indicated they purchased less equipment of other brands outside of what they considered their primary brand in each of the categories.

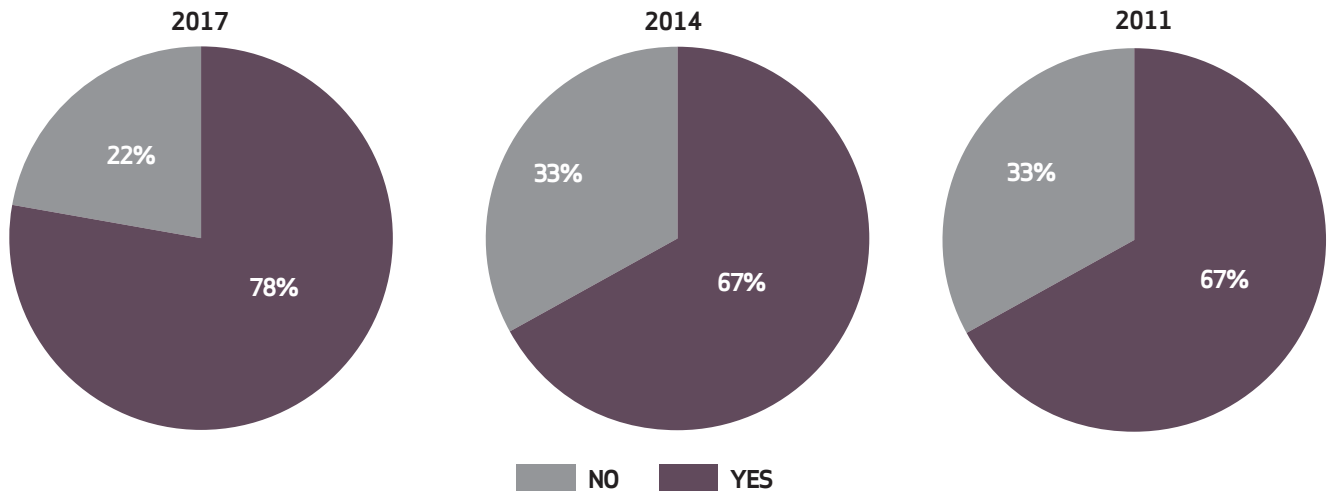
The category where the four “major” full line equipment manufacturers are still vulnerable to other brands is tillage. Half of the farmers responding said they had purchased tillage tools from other manufactur-

Desire to Buy Same Brand as Primary Equipment in New Equipment Purchases? (all farmers & 4 major equipment brands)

Equipment Brand	2017 % Yes	2014 % Yes	2011 % Yes
Industry/All farmers	78	67	67
AGCO farmers	65	50	75
Case IH farmers	76	66	53
John Deere farmers	84	71	79
New Holland farmers	69	63	56

Source: Farm Equipment survey, June 2017

Desire to Buy Same Brand as Primary Equipment in New Equipment Purchases? (all farmers)



Nearly 80% of farmers responding to the 2017 brand loyalty study said “yes” when asked, “When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?”

Source: Farm Equipment survey, June 2017

ers. While this is down 5% from 2014, it still represents the category where shortline manufacturers have the best potential to compete with the majors.

Based on the 2014 brand loyalty survey results, specialty agricultural sprayer manufacturers also held a strong position when competing with the majors. In that study, 58% of all the farmers responding reported purchasing a sprayer that was not produced by one of the big full line equipment makers. This dropped to 32% in the 2017 study, which was the biggest drop (-26%) in all of the equipment groups.

Maybe this shouldn’t come as a big surprise as this segment of ag machinery has seen more consolidation and change than any of the others. New Holland got the ball rolling in the fall of 2014 when it acquired Miller-St. Nazianz. Then in early 2016, France’s Exel Industries acquired Equipment Technology’s line of Apache sprayers, and a private investor group acquired Bestway, a manufacturer of pull-type and mounted agricultural field sprayers. This was followed by John Deere’s agreement to acquire a major stake in Hagie Mfg., which produces high clearance sprayers.

The one equipment category where the shortline brands held their own was in haying tools, where 28% of

farmers said they acquired other equipment outside their primary brand. This is the same percentage as 2014.

A new category added this year is precision farming equipment. Nearly one-third of the farmers indicated they had purchased other products not made by the manufacturer of their primary equipment.

Considering a Change in Current Ag Environment?

A new question was added this year to gauge if the lower commodity prices impacted farmers decision to stick with “their” primary brand. Specifically, it asked: “*Considering the decline in commodity prices during*

the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer?”

Overall, nearly one-half, 49%, of farmers responding to the poll said “yes” they would be willing to consider another brand of equipment.

Nearly two-thirds of AGCO farmers (63%) reported that they would be more willing to consider another brand of equipment; and 40% of Case IH farmers also said they would consider other brands in the current ag economy.

John Deere and New Holland farmers were split evenly with 50% willing to look at other brands of

Purchased Equipment Other Than Primary Brand in Past 5 Years? (all farmers)

Equipment Category	2017 % Yes	2014 % Yes	2011 % Yes
Seeder/Planter	30	45	46
Tractor	23	31	26
Combine	9	16	15
Tillage Equipment	50	55	39
Haying Equipment	28	28	30
Spraying Equipment	32	58	52
Precision Farming Equipment	32	NA	NA

Source: Farm Equipment survey, June 2017

Would You Consider ‘Other’ Brands of Equipment in Current Ag Economy? (all farmers & 4 major equipment brands)

Equipment Brand	2017 % Yes
Industry/All farmers	49
AGCO farmers	63
Case IH farmers	40
John Deere farmers	50
New Holland farmers	50

Source: Farm Equipment survey, June 2017

farm machinery in light of the ongoing slump in crop prices.

Switching Brands: What Would It Take?

Based on the strong level of loyalty farmers hold for the “primary brand” of farm machinery, it’s clear that it would probably take one or more reasons for most farmers to make the big decision to switch equipment brands or dealerships.

As has been demonstrated in the first two studies conducted in 2011 and 2014, the dealership plays a critical role in maintaining the level of customer loyalty to any of the major

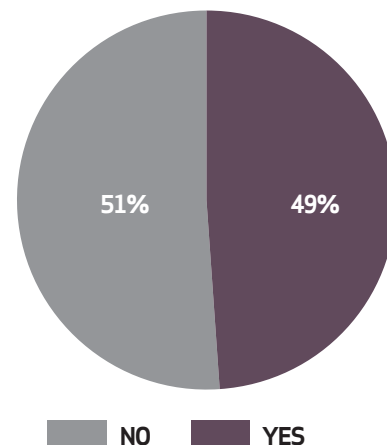
brands currently enjoy. Of the five major reasons a farmer would shift his or her allegiance to another brand from the one they prefer, the dealer plays the biggest role in at least three of the most important causes, and at least a partial role in a fourth rationale to switch.

Probably the biggest change in the results of this year’s survey is that “Better product engineering” edged out “Better parts availability” as the number one motivation for a farmer to change equipment brands. In the 2014 study, better engineering ranked #3 on the list and it was #2 in 2011. In the first two surveys, better parts availability finished at the top of the list in 2014 and 2011. “Better dealer repair/service” clocked in at #3 in the most recent study. It was #2 in 2014 and #3 in 2011.

“Product specialist at dealership” has finished a consistent #4 in all three surveys. “Lower equipment invoice price” slipped into the top five in 2017. It had been ranked #6 in the previous two surveys. Dropping down to #6 was “Better manufacturer warranty,” which was ranked #5 in the 2011 and 2014 studies.

Two of the three factors that might cause a farmer to switch to another equipment brand that appear to have the least influence on farmers

Would You Consider ‘Other’ Brands of Equipment in Current Ag Economy? (all farmers)



Despite low commodity prices, slightly more than one-half of farmers said they would not consider purchasing equipment that was not their preferred brand.

Source: Farm Equipment survey, June 2017

when making a purchase decision also involve dealers. These three have placed #10, #11 and #12, or at the bottom of the list, for all three surveys and include: “Change in ownership or location of current dealership,” “Ability to consolidate buying to one dealer” and “More attractive equipment financing.”

Factors That Cause Farmers to Switch to Another Equipment Brand (all farmers)

	2017 Rank	% VI + SI*	2014 Rank	% VI + SI*	2011 Rank	% VI + SI*
Better product engineering	1	98.5%	3	98.2%	2	99.0%
Better parts availability	2	98.2%	1	99.0%	1	100.0%
Better dealer repair/service	3	97.5%	2	99.0%	3	98.0%
Product specialist at dealership	4	95.3%	4	97.1%	4	96.0%
Lower equipment invoice price	5	94.7%	6	90.8%	6	92.9%
Better manufacturer warranty	6	92.3%	5	92.4%	5	94.8%
Equipment uptime guarantees/loaner programs	7	87.9%	8	84.1%	7	91.8%
Bad experience with current dealership	8	85.5%	7	85.6%	8	79.6%
Bad experience with current brand	9	80.3%	9	81.9%	10	78.6%
More attractive equipment financing	10	78.4%	12	58.5%	11	72.2%
Change in ownership of current dealership or dealer location	11	69.4%	10	72.6%	9	79.6%
Ability to consolidate buying to one dealer	12	68.1%	11	65.7%	12	72.2%

*ranking calculated by adding percentage of farmers indicating factor is “very important” + “somewhat important”

Source: Farm Equipment survey, June 2017

A Major Takeaway

While the results of Farm Equipment's 2017 survey reinforce much of what was shown in the first two studies, probably the most important takeaway is that,

no matter how well or poorly a brand is perceived, there is room for improvement.

The results also go beyond implying that brand and customer loyalty is built at the retail level.

It unequivocally proves it. There's simply no denying it, brand loyalty is built on customer loyalty and it's essential that for an equipment brand to succeed, it needs the solid, ongoing support of its dealers. **AEI**

Brand Loyalty Part 2: Does Farmer Revenue Matter?

Does the level of a farmer's annual revenue impact his brand preference and decision making when it comes to purchasing new equipment?

Dave Kanicki, Executive Editor

The brand loyalty studies that Farm Equipment conducted in 2011 and 2014 were limited to grain farmers in 12 states with annual revenues of \$500,000 or more.

Prior to conducting the 2017 survey, the decision was made to segment the farmers to those with \$500,000-\$999,000, which is shown in the tables and charts as <\$1M, and those with more than \$1 million in annual revenues, shown in the charts and tables as >\$1M, to determine if

there were any significant changes to how the two groups might differ when it comes to equipment brands and purchasing decisions. This part of this special report presents the data by farmer revenue.

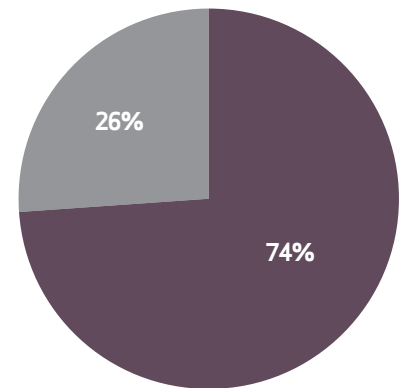
Coincidentally, the responses for each segment were exactly identical: 138 for those in the under \$1 million in revenues and 138 who earned more than \$1 million in revenues annually.

The breakdown by brands in the less than \$1 million were AGCO 5%, Case IH 25%, John Deere 62%, New Holland 6% and "None of these" 2%.

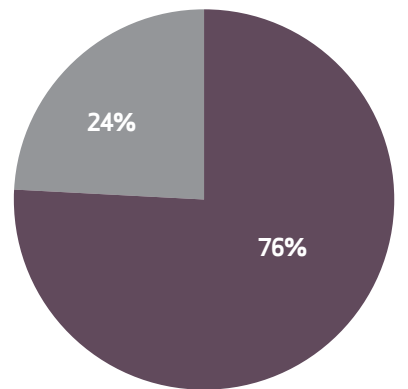
Are You Brand Loyal? (all farmers by annual revenue)

■ NO ■ YES

Farmers with <\$1M
in Annual Revenue

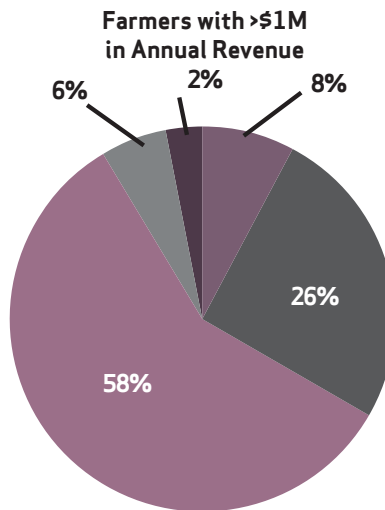
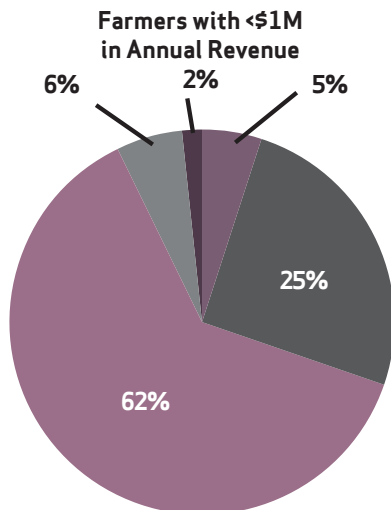


Farmers with >\$1M
in Annual Revenue



Primary Brand of Tractors & Combines (all farmers by annual revenue)

■ AGCO ■ New Holland
■ Case IH ■ None of these
■ John Deere



Breaking down survey respondents by revenue level did not significantly shift the percentage of respondents by equipment brand.

Source: Farm Equipment survey, June 2017

Farmers' annual revenue levels (<\$1M or >\$1M) did not significantly impact their level of loyalty toward their preferred brand of equipment. In either case, about three-quarters said they were "brand loyal."

Source: Farm Equipment survey, June 2017

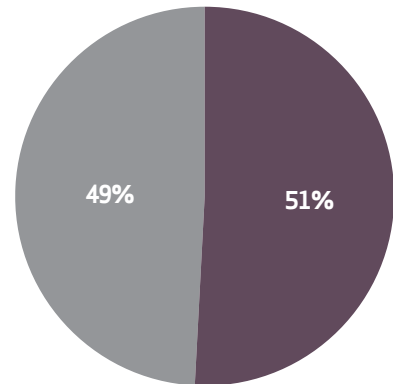
Purchased Equipment Other Than Primary Brand in Past 5 Years? (all farmers by annual revenue)

2017	>\$1 Million in Revenues Yes %	<\$1 Million in Revenues Yes %
Seeder/Planter	29	30
Tractor	23	23
Combine	8	10
Tillage Equipment	47	53
Haying Equipment	31	24
Spraying Equipment	34	29
Precision Farming Equipment	27	36

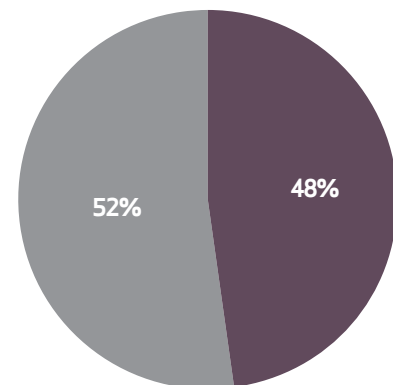
Source: Farm Equipment survey, June 2017

Would You Consider 'Other' Brands of Equipment in Current Ag Economy? (all farmers by annual revenue)

Farmers with <\$1M in Annual Revenue



Farmers with >\$1M in Annual Revenue



NO YES

Considering the current low commodity price environment, slightly over one-half of dealers in the <\$1M annual revenue category say they would consider purchasing another brand of equipment other than their "preferred" brand, while 48% of those in the >\$1M group say they would consider switching brands.

Source: Farm Equipment survey, June 2017

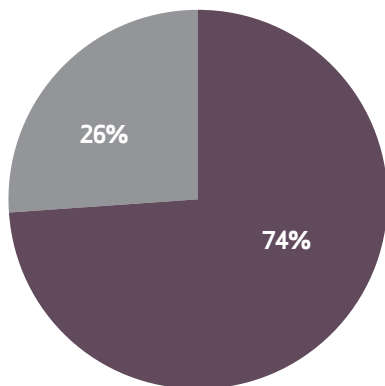
more loyal." Of those who said they were "less loyal, 7% were "significantly less loyal" and 19% were "slightly less loyal." The remaining 48% reported that they felt "about the same as 5 years ago."

Starting the Purchasing Process

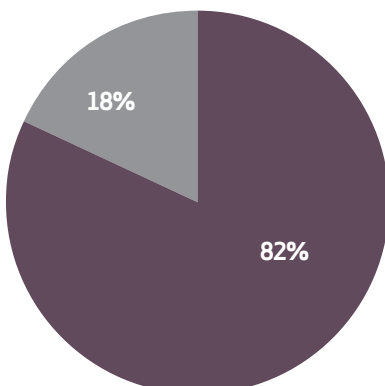
A glaring difference between those farmers with less than \$1 million in revenues and those whose annual revenues exceed \$1 million

Desire to Buy Same Brand as Primary Equipment in New Equipment Purchases? (all farmers by annual revenue)

Farmers with <\$1M in Annual Revenue



Farmers with >\$1M in Annual Revenue



NO YES

Some 84% of farmers in the >\$1M annual revenue group say that when they begin their buying process they want to first look at their preferred brand of equipment vs. 74% in the <\$1M group.

Source: Farm Equipment survey, June 2017

For the more than \$1 million group, the brands broke down by 8% AGCO, 26% Case IH, John Deere 58%, New Holland 6% and "None of these" 2%.

Brand Loyal or Not?

In response to the question, "Would you describe yourself as 'brand loyal' — purchase the same brand year-after-year — when you purchase tractors, field equipment or combines?" little difference was noted between the two groups. For the under \$1 million group of farmers, 74% said "yes" and 26% said "no." For the over \$1 million group, 76% replied "yes," while 24% replied "no." This compares with the two groups combined, which were 75% "yes" and 25% "no."

Loyalty Past & Present

In describing their "feelings about their primary brand preference today vs. 5 years ago, of those farmers in the under \$1 million in annual revenues category, 18% said they were either "significantly more brand loyal" (7%) and "slightly more brand loyal" (11%). On the other end of the scale, 19% of the less than \$1 million group reported being "slightly less loyal" (15%) or "significantly less loyal" (4%). The remaining 63% responded that they felt "about the same as 5 years ago."

For those farmers whose annual revenues were over \$1 million there was less middle ground and the "more loyal" and "less loyal" groups split evenly at 26% each. On the more loyal side, 12% said they were "significantly more loyal" and 14% "slightly

Factors That Cause Farmers to Switch to Another Equipment Brand (farmers by annual revenue)

Overall 2017 Rank	<\$1M Revenue		>\$1M Revenue	
	2017 Rank	% VI + SI*	2014 Rank	% VI + SI*
1. Better product engineering	2	99.3%	2	97.8%
2. Better parts availability	1	100.0%	3	96.4%
3. Better dealer repair/service	3	97.0%	1	97.9%
4. Product specialist at dealership	4	95.6%	4	94.9%
5. Lower equipment invoice price	5	95.6%	5	94.2%
6. Better manufacturer warranty	6	92.2%	6	91.2%
7. Equipment uptime guarantees/loaner programs	8	86.7%	7	89.2%
8. Bad experience with current dealership	7	87.4%	8	83.7%
9. Bad experience with current brand	9	78.7%	9	81.9%
10. More attractive equipment financing	10	76.6%	10	80.4%
11. Change in ownership of current dealership or dealer location	11	70.6%	12	68.1%
12. Ability to consolidate buying to one dealer	12	68.1%	11	68.2%

*ranking calculated by adding percentage of farmers indicating factor is “very important” + “somewhat important”

Source: Farm Equipment survey, June 2017

was when they were asked: “When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?”

Of those farmers who earn more than \$1 million in annual revenues, 82% said they desired to purchase the same equipment as that of their tractors and combines. For those with less than \$1 million in revenues, 74% said they started the purchasing process with the desire to acquire the same brand as their primary brand represented by the tractors and combines.

What They Bought

When it comes to equipment purchased over the past 5 years that did not match their primary brand, there were some differences between the two revenue groups.

The biggest difference (9%) came with precision farming equipment. More than one-third (36%) of farmers in the higher revenue range purchased precision gear that didn’t match the brand of their tractors and combines. This compares to 27% of farmers in the under \$1 million group.

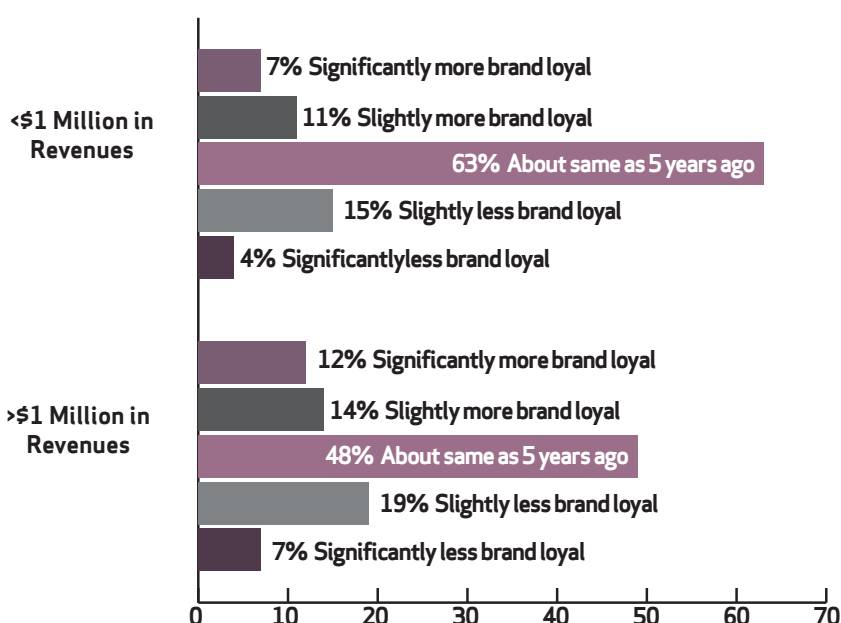
Another difference (7%) came with haying tools as 31% of those in the under

\$1 million group reporting that they purchased brands different from their tractors and combines. In the over \$1 million category of farmers, 24% said they bought other brands of hay tools different

from their primary brand of equipment.

When it came to tillage equipment, some 53% of farmers in the over \$1 million in annual revenues report buying different brands of

Level of Loyalty to Primary Brand vs. 5 Years Ago? (all farmers by annual revenue)



Segmented by annual revenue level, 26% of farmers in the >\$1M annual revenue level feel more loyal to their brand vs. 5 years ago compared to 18% of farmers in the <\$1M category.

Source: Farm Equipment survey, June 2017

tillage tools vs. 47% of those in the under \$1 million category.

Changing Brands in the Current Ag Economy?

Confronted with the question, “Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer?” the difference between the two farmer groups was small. More farmers in the under \$1 million of annual revenues would consider switching (51%) brands in the current low commodity price environment.

On the other side of the revenue line, 48% of those earning \$1 million or more in revenues indicated that they would consider other brands than the one they usually preferred.

What Would Cause a Switch in Brands?

With the exception of some minor differences, the two revenue categories of farmers were pretty much on the same page as each other when it comes to the reasons to switch brands.

Number one on the list for the farmers who fall into the less than \$1 million in revenues category was “Better parts availability,” followed

by “Better product engineering” and “Better dealer repair/service.”

For those farmers with more than \$1 million in annual revenues, “Better repair/service” from their dealers was ranked #1. It was followed by “Better parts availability” at #2 and “Better product engineering” at #3.

Does Revenue Level Matter?

Based on the results of the 2017 brand loyalty survey, with the exception of a few minor differences throughout the survey, overall there did not appear to be any significant disparities between the two segments of farmers based on annual revenue. **AEI**

Brand Loyalty Part 3: Farmers & Dealers Differ on Levels of Brand Loyalty

Most dealers suggest there has been a decrease in manufacturer commitment within their customer base, which can help or hinder business to an unprecedented degree.

James DeGraff, Associate Editor

In addition to surveying farmers, dealers were called to share their perceptions on brand loyalty, and similar to Farm Equipment’s 2014 results on the same topic, dealers and farmers disagreed more often than not on the level of customer loyalty to a specific manufacturer.

While 75% of the total farmers polled by Farm Equipment believed they were “brand loyal” year-after-year in 2017, most of the 30-plus dealerships that responded to an e-mail questionnaire across the U.S. and Canada thought otherwise of their customers. Nearly two thirds of dealers (62.5%) perceived a dip in brand loyalty over the past 5 years, while another 24% believe it stayed the same. Just 14.5% of dealers suggested an increase in brand loyalty in that span. The overall responses were similar to Farm Equipment’s 2014 results

for the same question, when 64.3% of dealers perceived a drop in brand loyalty, which differed starkly from the 2011 results (90% of dealerships claimed less brand loyalty).

Less Perceived Loyalty: A Positive or Negative Trend?

As for how this perceived decrease in loyalty bodes for the business of dealerships, the number of dealers who found the trend to be overall positive (36.4%) dropped slightly from 2014 (45.4%) and even further down from 2011 (54.%). Perhaps some of this dip can be credited to the number of dealers who viewed the trend as circumstantially good or bad (also 36.4%) depending on a dealership’s situation and ability to capitalize on what is believed to be an elevated fluidity with customers.

For those who believe the positivity of the trend depends on the scenario, it often came down to the

dealership’s confidence in the manufacturer or tendencies of the customer base.

“It seems totally dependent on quality and price,” says Precision Farming Specialist Chris Dahms of Roberts Farm Equipment. “It’s not a bad trend as long as manufacturers produce better quality products because of it.”

Speaking similarly about circumstantial benefit, David Sax, operations manager at Heuer Sons Implement, notes his dealership has garnered unprecedented customers due to the decrease in brand loyalty, but fears most of it is based on pricing advantages. It’s a trend, Sax notes, that could unintentionally warrant a less-than-preferred reputation.

“I believe it is a double-edge sword, as we are getting business that we never got before but only for the reason of being the cheap dealer on the block,” he says. “I don’t like to be known as

“We’re not interested in chasing a competitive deal based on price because we’ve found those customers continue that price-shopping mentality and jump from brand to brand...”

— Mark Kreps, RDO Equipment

the low man in our area. We want the customer base to realize we have good product and aftersales support.”

Shane Townsend, corporate customer relations manager of Young’s Equipment, shared a similar sentiment on unforeseen customer opportunities of the alleged loyalty drop. On the other hand, he couldn’t help but acknowledge the simultaneous threat of the situation as well.

“If the customer feels we have a better product, there is less emotional attachment to their current brand and that helps us switch them,” he says. “On the other hand, it also makes them more likely to leave if they are dissatisfied without products or service.”

Those who believe the trend is an overall negative situation (27.2%) fear that most decisions will be made strictly on the pricing side, perpetuating an environment of disloyalty for brands where service departments can’t meet their full potential. Note on p. 22 that pricing ranked 5th on the list of top 12 reasons farmers switch brands.

“It seems to come down to best lease price on the bigger units,” says Don Aberle, Titan outlet store manager & used equipment manager at Titan Machinery. “It’s a bad trend as margins will continue to be pressured and good long term ‘service’ relationships, which lead to better overall dealership margins, will continue to decline.”

Jon Castongia, general manager at Castongia’s Inc., agrees that price is a major player when customers ultimately decide to switch colors, in addition to customers exhibiting a “grass is always greener at another dealership” mentality. In due time, though, Castongia maintains hope that any customers lost for these reasons eventually return due to the quality of their service.

As for how influential these factors are, Castongia believes the state of the economy can play a role.

“Most of the time they come back

to us when they find that no dealer or product is perfect and didn’t perform as they had hoped,” he says. “When money is free flowing like it was 5 years ago, customers may have a tendency to wander and experiment. As things get tighter, my hope is that they ‘find their way home.’”

Leveraging Tactics

With what dealers believe to be higher customer fluidity than ever before, dealerships are constantly calculating the best methods to get farmers to switch brands. Unsurprisingly, promoting superior service led the way (80.9%), as dealerships strive to position themselves as dealer-first, brand-second in the mind of the customer.

“We’ve been leveraging after-market support like never before, a ‘cradle to the grave’ relationship with well stocked parts depots close to the dealer for backup support,” says Doug Blades, parts manager of Martin Equipment LTD. “Additionally, we have around the clock 24/7, 365 day after hours service with highly trained technicians.”

Emphasizing the comprehensive benefits of a major line brand is an important selling point for Heuer Sons Implement, notes operations manager David Sax. He says farmers will often buy a foreign tractor at a low price, and realize at service time why they were so cheap in the first place.

“We have had many customers that bought these off-brand tractors

and had major problems getting parts and service and they come to us to fix or trade in,” he says. “Once we give them a trade-in price way lower than what they paid for it, the customers get mad at us, but it’s because we know parts and service for those parts are lacking. This makes us look bad to the customer, but in reality they made the mistake of buying an off-brand cheap tractor and forgot to think about aftersales service.”

In addition to parts availability and full service assurance, convincing a worthwhile return on investment is another point of emphasis for dealers. This is achieved through multiple avenues, from leveraging the superior quality of their main manufacturer (52%) to flexibility in personalizing financing plans, be it through warranty extensions or cost reductions (38%).

But being overly eager to attract customers with financial enticement can be detrimental to the dealership long term, warns Vice President of Agriculture Sales Mark Kreps of RDO Equipment.

“We’re not interested in chasing a competitive deal based on price because we’ve found those customers continue that price-shopping mentality and jump from brand to brand,” he says. “We first take the time to learn about the customer and what’s important to their operation. Then together, we decide if it’s a good fit.”

The continued rise of social media was also seen as a major

Dealer Takeaways

- Having the best equipment or parts availability in the industry can mean little to the customer if they don’t feel like a genuine effort has been made to understand their needs or be a priority to the dealership.
- Taking a price-driven, bottom line approach can reap short-term benefits, but it typically attracts the type of customer that is likely to jump from offer to offer with no sense of loyalty to a particular dealership.
- Unless it’s a major structural issue, most dealers agree that customer losses tend to start and end with dealership errors and not the manufacturer, be it through service ineptitude or taking customers for granted.
- In the event of a manufacturer switch, the number of dealerships supremely confident in keeping the majority of their customers is relatively equal to the number that are convinced they will lose most of them.

“I tell my employees, ‘The only thing that matters to customers is what they perceive to be the truth, not what we believe is the truth...’”

— David Shephard, Bobcat of Lima

contributor to customer fluidity, as dealerships have the opportunity to advertise and showcase their strengths over competitors in a cost-effective, real-time format. As Dan Anderson of Van Wall Equipment puts it, a reputation can be made or lost through a quick series of posts online.

“The internet and social media have made farmers hyper-aware of variations and perceived variations between major brands of farm equipment,” he says. “Salespeople have a tough job selling against social media memes and reputations, so the ability to offer quick, quality service and have parts available during peak seasons is a big deal.”

Entitlement & Complacency Speak Volumes

When dealers reflected on recent customer conversions, 41% of respondents mentioned the customer not being prioritized by the previous dealership as a key factor for the switch. These strained relationships can often be a gradual process over time, especially for expanding, multi-store operations that may lose sight of personal relationships in the process.

A notable example comes from Kreps, citing a recent RDO Equipment conversion with a customer who had worked with his former dealership for 10 years, but began feeling taken for granted.

“Each location was run as an independent store vs. as part of a cohesive group,” Kreps says. “Even to get a part or service, the customer felt limited to the one store only.”

Other times, even an isolated incident that rubs a customer the wrong way can be enough to send a customer packing, regardless of dealer’s track record with service availability.

“When a dealer is able to convert a customer, it is almost always due to the other dealer dropping the ball,” says Kelly Umphrey, general manager of Tulsa New Holland. “We recently

picked up a customer simply because he had hay on the ground and the competitive dealer could not get to him in time. We recognized the opportunity, dropped what we were doing and got the deal.”

At the same time, capitalizing on other dealerships’ ineptitude for a conversion doesn’t guarantee that customer for life. One dealership representative, who preferred to remain anonymous, noted their superior on-site tech service as a prime example.

“They never saw the same tech two years in a row, and were always ‘learning’ as they showed up in a pickup truck with a two-drawer toolbox and out-of-tech manual.” The representative says of the customer’s pre-conversion experience. “Our call fees are exorbitant, but our guys show up with a minimum of 5 years experience and an average of 15 years fully equipped with crane, generator, air compressor and laptop with access to our OEM’s complete library of manuals.”

Despite the upgrade, he acknowledges that customers will change their perspective on service if they get used to superior quality over time. The result, the representative says, can include being a victim of one’s own improvements over the last dealer.

“One year after the conversion, they’ll say, ‘My gosh, I can’t believe you got here in less than 2 hours. I’ve never had such fast service,’” he says. “Then by year three they’ll say ‘I called two hours go. Boy, your service really has slacked off lately.’”

The Blame Game

Even world class dealerships have suffered the occasional heart-break of losing a valued customer or two. While every case is circumstantial, the consensus among respondents was that unless it was a severe issue with manufacturer quality, the majority of reasons for customers taking their business elsewhere falls on the dealership itself.

For Tom Rostoczy, CEO of Stotz Equipment, the best dealerships in the industry are often capable of correcting manufacturer errors unless the error is colossal, and pointing fingers is typically unwarranted.

“Even if the manufacturer caused the problem, sometimes an effective dealer can still overcome their manufacturer’s mistakes,” he says. “The manufacturer is to blame if their mistakes are so egregious that the dealer simply cannot overcome them.”

Many dealers echoed the same sentiment on manufacturer accountability, including Umphrey.

“I would wager that a change of brand due to the equipment or manufacturer would be less than 10%,” he says.

Castongia says the entire scenario of dealer or manufacturer blame is circumstantial. Whether or not the blame is correctly aimed is often irrelevant, he notes.

“Customers all have different pain tolerances, and some do a better job than others of separating what is a product problem and what is a product support problem,” he says. “Others blame the dealer for everything.”

Among the 58% of dealerships that took the self-accountability route in their responses, 63% of them mention taking customers for granted as a top reason for their departure. This can be through facility expansion, which leads to the loss of an environment where farmers feel prioritized, or through new waves of management, by generation or operationally, that simply assume the longtime customers will stick with them with no extra effort to get to know them.

Failure to make the effort on a personal level with customers can also prevent dealerships from exhibiting the necessary authenticity for a long-time relationship. Perhaps Kreps of RDO Equipment put it best, as he claims it’s impossible to be genuine without proper knowledge of the purchaser.

“Sometimes the best way to keep customers is to tell them the other deal is the one they should take,” Kreps says. “The bottom line is too many dealers rely on the brand for each sale and forget that people buy from people.”

Often coinciding with a lack of genuine communication with a customer is a lack of communication throughout the entire sales process. As David Shephard, president of Bobcat of Lima points out, a disconnect between the salesperson and customer on the slightest of details can lose the sale.

“A warranty issue or past sales promise can cause someone to leave a brand or dealership and change to the competition,” he says. “I tell my employees, ‘The only thing that matters to customers is what they perceive to be the truth, not what we believe is the truth.’ That’s why the communication between a dealer and its customers is so important.”

A Test of Confidence

Inviting respondents to the world of hypotheticals, dealers were asked to predict what percentage of their customer base would stick with their dealership if they were to lose their contract with their main manufacturer. Three camps were established with almost equal representation in each group.

The 70% and Higher Group

A respectable 34.7% of respondents believe that 70% or more of their customer base would choose dealership over brand, with a firm belief that the strength of its customer relationships, the need for service quality with increasingly-complex equipment, and the convenience of

a nearby relationship overshadow the commitment of a customer to a particular manufacturer.

Mike Gottselig of Webb’s Machinery says, “75% of them would stay because most of our customers love our dealership and understand (and accept) our weaknesses as well, and would continue wanting to do business with us.”

Reflecting similar confidence in dealership-over-manufacturer loyalty was Shephard, noting a consistent relationship between customer and tech can pay dividends as innovations keep shifting the industry.

“I believe that 80% would choose to stay with us and purchase whatever we would represent in the compact equipment business,” Shephard says. “As this equipment gets more and more advanced in technology, farmers and dealers just have to recognize that they really need each other more than ever.”

The 40-60% Group

Most respondents in this category, which accounted for another 34.7% of respondents, listed identical reasons from the more confident group as to why a certain number of their customers would stay. The only significant difference was this group believed the likeliness for farmers to pick brand over everything else was higher.

As Taylor Oakley, store manager of Quality Implement, puts it, service goes a long way, but availability of preferred parts is often the ultimate decision maker for customers.

“Though it would be a substantial transition for customers to move to a competitive brand, I believe our business is built on customer-dealer relationships,” he says. “We try to make sure they feel welcome and served

well, but at the end of the day, they would have to travel elsewhere if we could not get the necessary parts needed to repair their equipment.”

Providing a similar response was Brian Matchett, marketing & development manager at Piako Tractors. While customers must weigh the options of a major transition with the strength of dealer relationships, Matchett also points out that losing an OEM contract often indicates a red flag for a dealership.

“We believe the real number is 50%, as it’s a big ask for a customer to change a brand when its values have been instilled in some customers for generations, despite the relationship with the dealership,” Matchett says. “Generally, this situation only arises when a dealership is not performing and loses the brand to a better performing dealership. In this situation, the number could be 95% customer loss as they will go to the dealership that is motivated and does a good all-around job with the product.”

The 0-30% Group

The smallest representation by a slight margin (30%), these dealerships speak to their perception of high farmer demand. Transitioning to a new manufacturer can spark a strong sense of skepticism in the service-oriented industry of today, says Townsend of Young’s Equipment.

“We would lose roughly 60% from manufacturer loyalty and customers who don’t like the new brand, and then another chunk would go to the rival dealership for their experience level and understanding of the equipment,” he says. “Plus the customers that would be mad at us for losing the original brand, leaving us with 25-30% of our original base.” **AEI**

Brand Loyalty Part 4: How the Major Ag Equipment Makers Fared in the Brand Loyalty Study

If 75% of the farmers who responded to Farm Equipment’s 2017 Brand Loyalty survey consider themselves loyal to their preferred brand of ag machinery, how do the individual brands score with the farmers who prefer a particular brand of machine?

AGCO: Making Great Strides

Dave Kanicki, Executive Editor

Overall, farmers who consider AGCO brands (primarily Massey Ferguson and Challenger) as their primary line of equipment on their farms made up 6.5% of the total 276 responses in the 2017 survey. This is up from 5.5% in the 2014 study and 4% in the 2011 survey.

Compared to the first two surveys, AGCO has made the most progress when it comes to brand loyalty by the farmers who consider machinery manufactured by the company to be their primary line of equipment. In the 2011 study, only 25% of farmer who considered an AGCO brand to be “their” brand said they were brand loyalty. This

improved to 33% in 2014. The percentage of AGCO farmers who now say they are “brand loyal” jumped to 60%. This is a 27% improvement in just 3 years.

When this was segmented by AGCO farmers who had less than \$1 million in annual revenues, 57% reported to be “brand loyal.” For those who earn more than \$1 million in yearly revenues, the percentage increased to 64%.

Time to Buy.

When starting the purchasing process to replace, update or add to their current lineup of machinery, AGCO farmers were asked if they desire to purchase the same brand as their “primary equipment.” The company saw solid improve-

ment as slightly over 65% said “yes” in the most recent survey. This compares with 50% in 2014 and 75% in 2011.

When responses to this question were segmented by revenue level, an interesting dichotomy showed up. While 57% of the AGCO farmers in the less than \$1 million in annual revenue said “yes,” nearly three-quarter in the over \$1 million category said “yes.” This 16% difference among AGCO customer would appear to be significant, and may be worth further study.

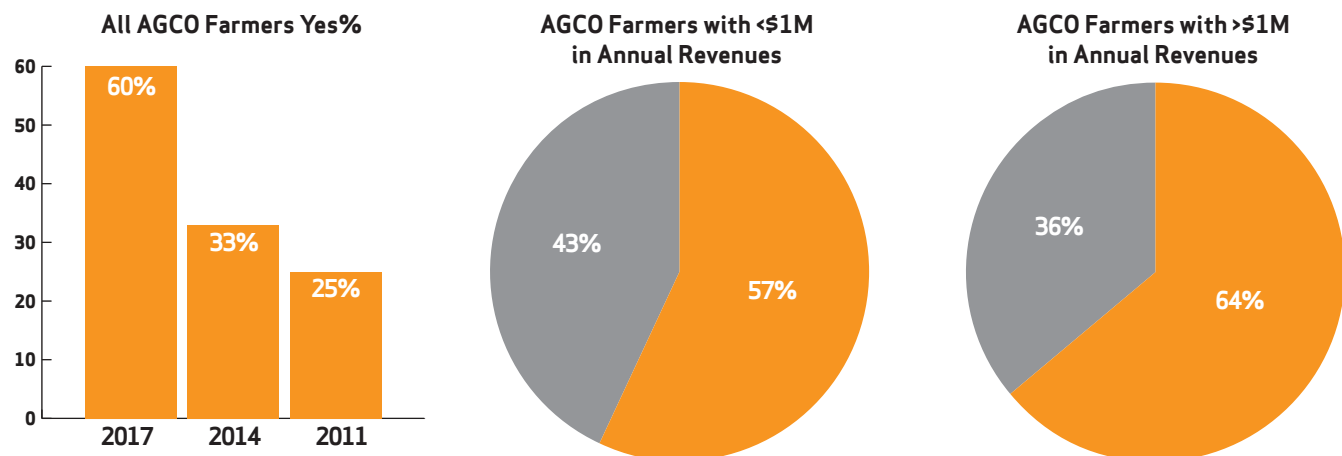
Purchased Other Brands.

To further test their level of loyalty to “their” brand, AGCO farmers were asked if they had “purchased

Continued on page 17

Would you describe yourself as brand loyal when purchasing farm machinery?

■ NO ■ YES



AGCO has seen continued improvement in farmers’ level of loyalty to the brand, increasing from 33% in 2014 to 60% in 2017. Based on annual revenue, 64% of AGCO farmers generating more than \$1 million declare themselves loyal to the brand. For those producing less than \$1 million annually, 57% would describe themselves as “brand loyal.”

Source: Farm Equipment survey, June 2017

AGCO Farmer Comments

In addition to asking farmers, “When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?” The survey also asked them “Why?” Here’s what AGCO farmers had to say.

“Confidence in equipment and reps ... Need good local dealer ... To get what I need ... more familiar with operational controls ... Pricing and features, not brand drive my decision ... Good service and reliable parts ... I have had some problems with Agco products recently, so I went for something else ... same dealer ... dealer service ... Good in trestle rate and good dealers.”

Then & Now.

Contrasting their degree of loyalty to the AGCO brand in 2017 compared to 3 years earlier, it was a wash. In 2017, 25% of AGCO farmers said they were either “significantly more loyal” or “slightly more loyal” than they were 5 years ago. This compares with 24% who indicated they were “significantly less” or “slightly less” loyal compared to 5 years earlier.

When broken down by annual revenues, responses by farmers in the under \$1 million category would seem to indicate that there has been major shift taking place. Some 43% of these AGCO farmers indicate that their degree of loyalty has increased, while 28% report that it has decreased, and 29% say it’s about the same a 5 years ago.

This contrasts markedly when compared to AGCO customers in the \$1 million or more in annual revenues. An overwhelming 73% say their level of loyalty is about the same as 5 years ago, while only 9% say it is “signifi-

cantly” or “slightly” increased for the better, and 18% said it has declined compared to 5 years ago.

Reasons to Switch.

For AGCO farmers overall, the first three reasons that would cause them to switch brands centered on the dealership, and the fourth and fifth on the manufacturer. Considering all AGCO customers, regardless of annual revenue, the #1 reason would be “better dealer repair/service,” followed by “better parts availability” and “product specialist at dealership.” The #4 and #5 reasons they would consider switching brands were “better

Continued on page 16

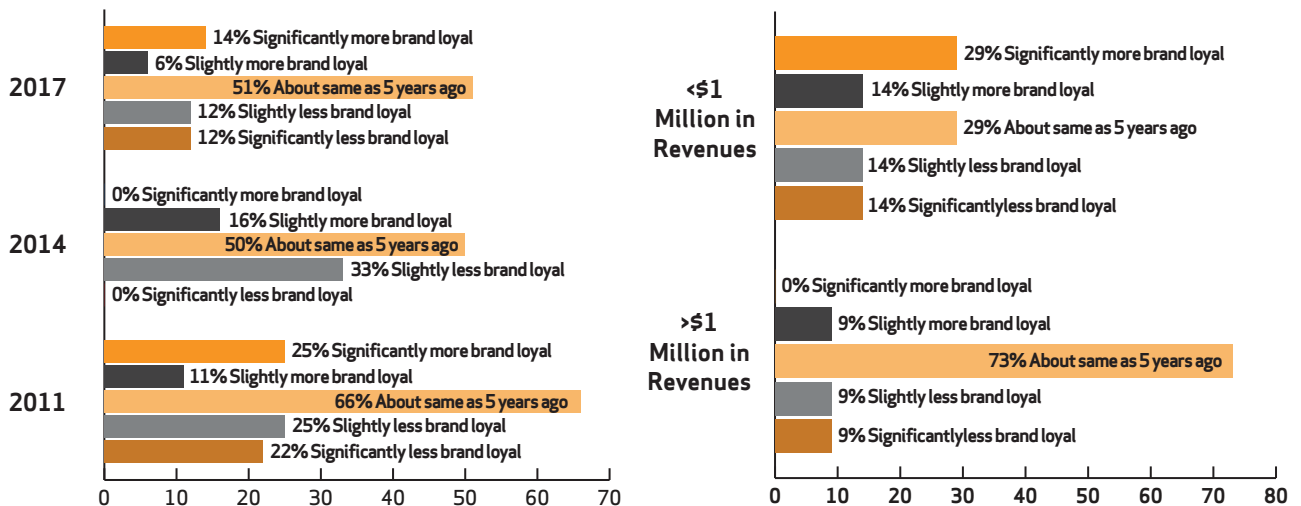
Factors Causing Farmers to Switch to Another Equipment Brand — All AGCO Farmers

2017 Industry Rank	2017 Rank	2017 AGCO % VI + SI*	2014 Rank
1. Better product engineering	5	60%	7
2. Better parts availability	2	79%	2
3. Better dealer repair/service	1	91%	1
4. Product specialist at dealership	3	75%	4
5. Lower equipment invoice price	9	46%	3
6. Better manufacturer warranty	4	65%	5
7. Equipment uptime guarantees/loaner programs	8	51%	8
8. Bad experience with current dealership	7	55%	6
9. Bad experience with current brand	10	46%	10
10. More attractive equipment financing	6	56%	9
11. Change in ownership of current dealership or dealer location	12	24%	11
12. Ability to consolidate buying to one dealer	11	42%	12

*rating calculated by adding percentage of farmers rating factor as “very important” plus “somewhat important”

Source: Farm Equipment survey, June 2017

Loyalty to AGCO Brand Currently vs. 5 Years Ago



Some 25% of AGCO farmers say they are more loyal to the brand than they were 5 years ago, while 24% say they are less loyal. This compares to 16% more loyal and 33% less loyal in 2014. For AGCO farmers earning less than \$1 million in annual revenues, 43% report being more loyal to the brand and 28% less loyal. For those in the over \$1 million in revenue, 9% say they are more loyal and 18% less loyal with a huge majority (73%) indicating they feel about the same about the brand as they did 5 years earlier.

Source: Farm Equipment survey, June 2017

Factors Causing Farmers to Switch to Another Equipment Brand — AGCO Farmers by Revenue Level

2017 Industry Rank	<\$1M Revenue		>\$1M Revenue	
	Rank	% VI + SI*	Rank	% VI + SI*
1. Better product engineering	7	57%	3	64%
2. Better parts availability	3	86%	2	73%
3. Better dealer repair/service	1	100%	1	82%
4. Product specialist at dealership	4	86%	4	64%
5. Lower equipment invoice price	8	57%	8	36%
6. Better manufacturer warranty	5	86%	6	45%
7. Equipment uptime guarantees/loaner programs	2	100%	7	45%
8. Bad experience with current dealership	6	83%	10	27%
9. Bad experience with current brand	9	57%	9	36%
10. More attractive equipment financing	10	57%	5	55%
11. Change in ownership of current dealership or dealer location	12	29%	12	18%
12. Ability to consolidate buying to one dealer	11	57%	11	27%

*rating calculated by adding percentage of farmers rating factor as “very important” plus “somewhat important”

Source: Farm Equipment survey, June 2017

manufacturer warranty” and “better product engineering.”

While some insist that farmers will switch brands based on equipment pricing, this finished at #9 based on the responses from all AGCO farmers. This changed only slightly when this group was segmented by annual revenue, finishing #8 for those in the under \$1 million and over \$1 million categories.

For AGCO farmers in the under \$1 million group, “better dealer repair/service,” “equipment uptime guarantees/loaner programs” and “better parts availability” finished in the top three spots, respectively.

For those in the over \$1 million in revenues, “better dealer repair/service,” “better parts availability” and “better product engineering” respectively were listed as the top three reasons to switch brands.

On the other hand, for AGCO farmers in the under \$1 mil-

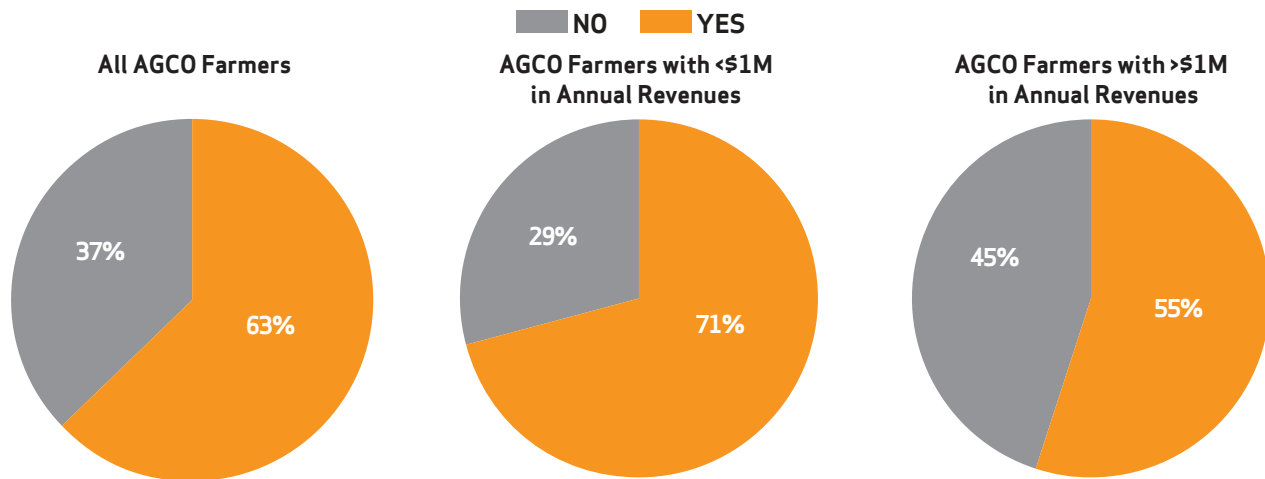
lion in annual revenues group, the #1 was also “better dealer repair/service,” but #2 was “equipment uptime guarantees/loaner programs.” This was #7 on the farmers with revenues of over \$1 million.

Tough Ag Economy.

Finally, AGCO farmers were asked, “Considering the ongoing low commodity price environment in agriculture, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer?”

Of all AGCO farmers responding to the survey, 63% said “yes.” Segmented by annual revenues, of those in the under \$1 million grouping, 71% replied “yes” to this question, while 55% of farmers in the over \$1 million category indicated they would consider another brand besides AGCO.

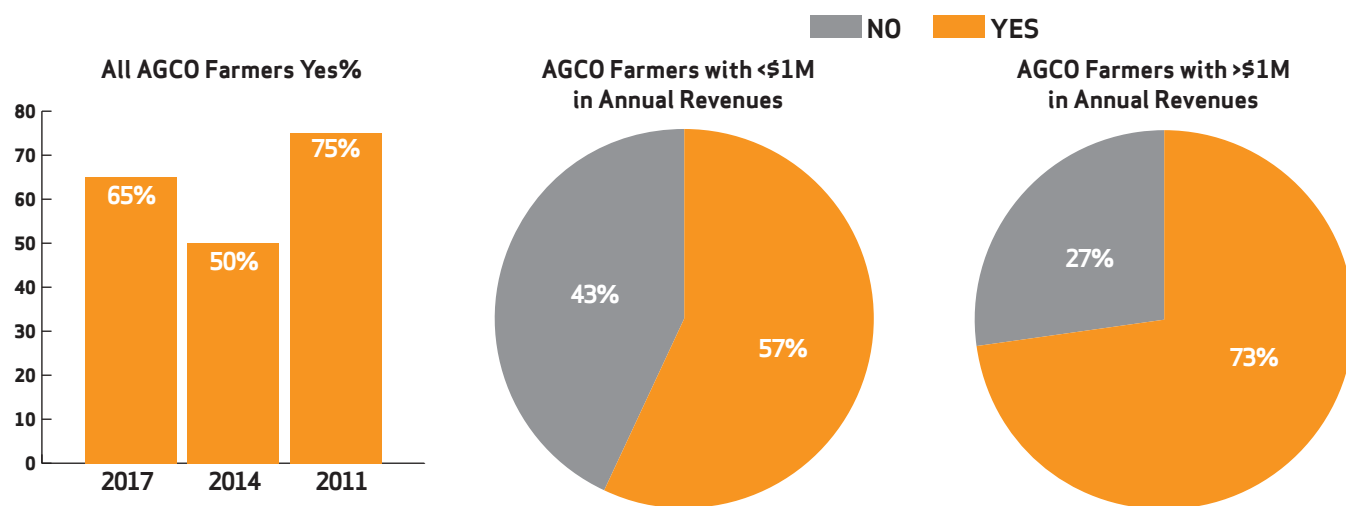
Considering ‘Other’ Brands in Current Ag Economy?



In a “tight ag economy” such as the industry is experiencing in 2017, 63% of AGCO farmers say they would consider another brand of equipment depending upon the circumstances. For AGCO farmers generating less than \$1 million in annual revenues, 71% report that they would look at other brands, and 55% of those in the over \$1 million in revenues category indicate they would look at other brands of machinery.

Source: Farm Equipment survey, June 2017

Desire to Buy Same Brand as Primary Equipment in New Purchases



When AGCO farmers begin their purchasing process, 65% say that they desire to buy the same brand of equipment as their tractors and combines. For those AGCO farmers earning more than \$1 million in revenue annually, 73% start their buying process looking at AGCO equipment, while 57% of those generating under \$1 million a year initiate the buying process by considering AGCO products.

Source: Farm Equipment survey, June 2017

Purchased Equipment Other Than AGCO Brand in Last 5 Years

Equipment Category	All AGCO Farmers Yes %			AGCO Farmers with Yes %	
	2017	2014	2011	<\$1M in Annual Revenues	>\$1M in Annual Revenues
Seeder and/or Planter	9	33	33	0	18
Tractor	20	0	0	14	27
Combine	5	50	0	0	9
Tillage Equipment	28	17	50	29	27
Haying Equipment	24	17	33	29	18
Spraying Equipment	12	33	33	14	10
Precision Farming Equipment	9	NA	NA	14	9

Source: Farm Equipment survey, June 2017

any of the following types of equipment that was not manufactured by AGCO in the last 5 years?"

The biggest improvement came in combines. In 2014, 50% of AGCO farmers reported buying a brand combine other than AGCO. This dropped to 5% in the 2017 survey. The company also gained ground with seeders/planters as only 9% said they had purchased another brand in the past 5 years vs. 33% three years earlier. AGCO scored a solid improvement with sprayers also, as 12% of their customers indicated they had purchased another brand recently compared to 33% in the 2014 study.

Equipment categories where AGCO lost some ground were most notable with tractors. In both the 2011 and 2014 surveys, no AGCO farmers reported purchasing a trac-

tor other than that manufactured by the company. This time around 20% said they purchased another tractor brand in the preceding 5 years. Tillage equipment was another area where AGCO slipped. In 2014, 17% of customers said they purchased other tillage tools not produced by

the company. This increased to 28% in 2017. The same trend was seen with hay tools, as 24% indicated purchasing other brands of equipment vs. 17% in 2014.

Similar trends were observed when segmenting AGCO farmers by revenue level.

AGCO Farmer Comments

In addition to asking farmers, "Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer?"

The survey also asked them "Why?" Here's what AGCO farmers had to say.

"Kuhn hay equipment ... Prices, dealer are most important ... If another brand will do the job I want, is cheaper to operate and is of equal quality, I would consider it ... As long as the different brand meets my standards, I would look at a different brand. Especially if they have changed design and I feel that it would not live up to my expectations and/or farming practices ... if it meets my needs and proved right I will consider it ... dealer loyalty ... dealer service is very important ... if current equipment declined in reliability ... They are all expensive. Changing brands would not change the dynamic."

Case IH: Loyalty on an Upswing

A little over one-quarter (25.4%) of the total responses to Farm Equipment’s 2017 brand loyalty study came from farmers who list their primary equipment brand as Case IH. This is down from 32% in the 2014 study and up from 17% in the 2011 survey.

Would Case IH farmer describe themselves as “brand loyal” when purchasing farm machinery? Some 80%

say “yes,” which is the highest percentage of all the brands included in the 2017 survey. This is a solid improvement from 74% in 2014 and huge improvement from 35% in 2011.

When broken out by annual revenues, 74% of Case IH farmers in the under \$1 million level describe themselves as brand loyal, and 83% of those in the over \$1 million group say they are loyal to the Case IH brand.

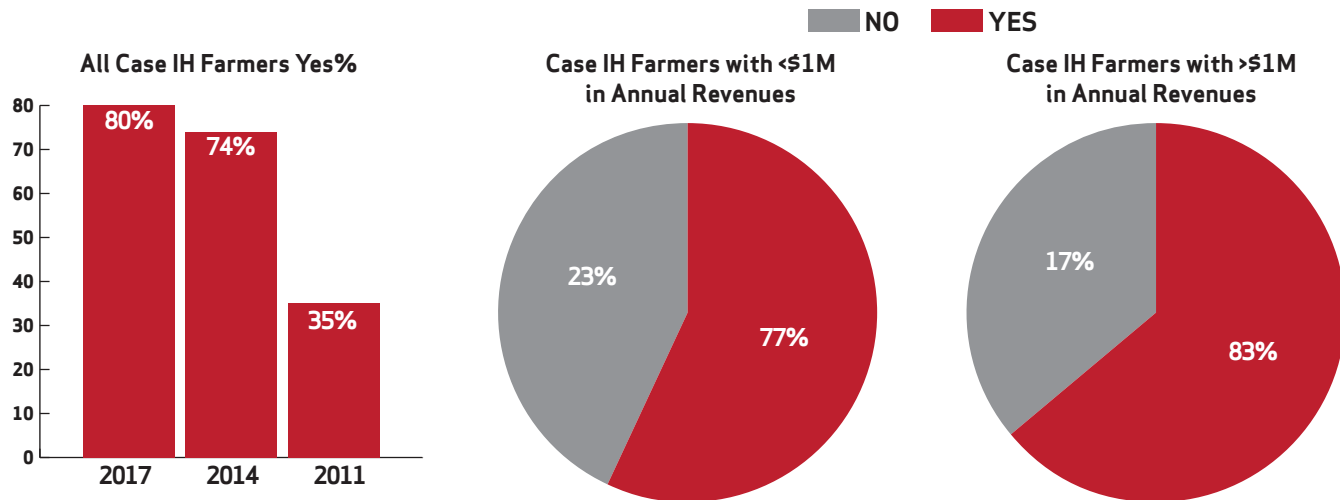
Time to Buy.

When starting the purchasing process to replace, update or add to their current lineup of machinery, 76% of Case IH farmers indicate that they want to purchase the same brand as their “primary equipment.” This compares with 66% in 2014 and 53% in 2011.

Segmenting the responses by revenue level, 71% of those with under

Continued on page 21

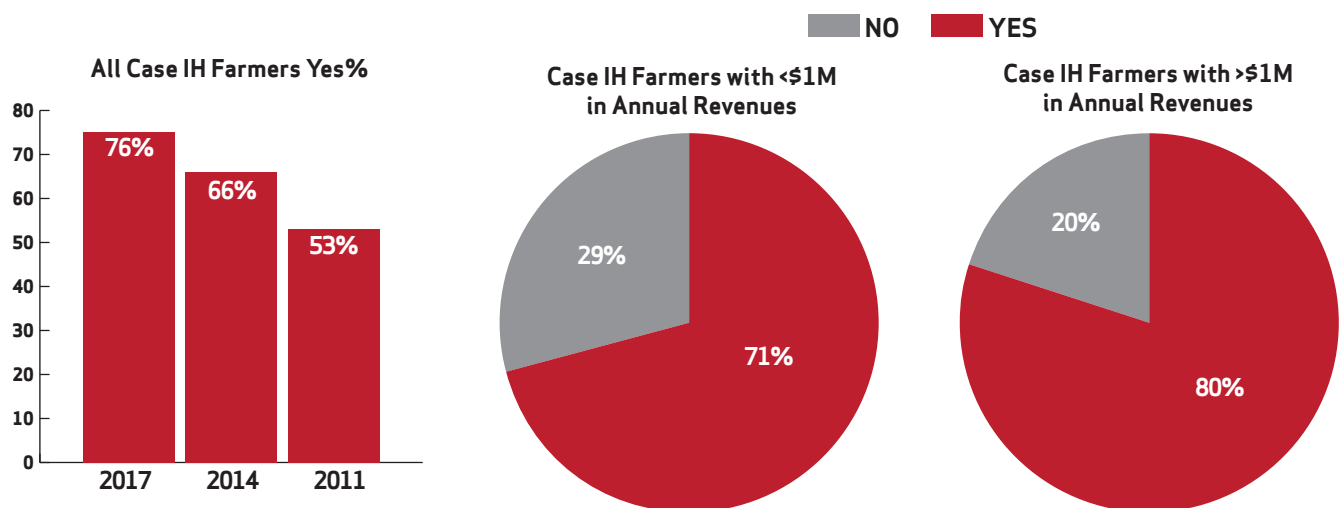
Would you describe yourself as brand loyal when purchasing farm machinery?



Of those farmers who say Case IH is the brand of their primary equipment, 80% describe themselves as “brand loyal.” For the farmers generating more than \$1 million in annual revenue, 83% call themselves brand loyal, while 77% of those under the \$1 million market say they’re loyal to the Case IH brand.

Source: Farm Equipment survey, June 2017

Desire to Buy Same Brand as Primary Equipment in New Purchases



More than three-quarters (76%) of farmers who utilize primarily Case IH equipment say they start their purchasing process by first looking at Case IH products. This is up from 66% in 2014. For farmers earning \$1 million or more in annual revenues, 80% report initially looking at Case IH equipment. For those in the under \$1 million in revenue, 71% report to starting the buying process by looking at Case IH machines.

Source: Farm Equipment survey, June 2017

Case IH Farmer Comments

In addition to asking farmers, "When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?" The survey also asked them "Why?" Here's what Case IH farmers had to say.

"I like the corn planter, the electronic handshake is much easier ... One stop parts ... quality and dealer service ... don't buy much new equipment ... same line products match new electronics on tractors ... Ease of chasing down parts ... Better machines ... Looking for best implement to get the job done. Best value for the money is a secondary condition ... I look at every brand option ... local dealer support ... Different needs and applications ... Familiarity with operational functions ... I can get parts and service at the same location ... Good quality & good dealerships ... parts & service dealer support, equipment reliability ... Because the dealer is only 7 miles away ... I have had good machines and good service ... If not combine — go by price ... familiar with the machines and know the support I receive ... Because a combine is not a tractor. The combine maybe the best, but the tractor maybe an 'also ran'. Our big baler was sold by Case IH but was built the same as Hesston, Massey, New Holland and maybe John Deere, which one is best? The cheapest ... I like the quality ... That's what we are used to using and have no desire to change.

"Because I have received excellent service from the brand ... Have had good luck with the old ... Dealer Relationship ... Dealer long time friend and we worship at same church ... Familiar with product ... dealer cooperation ... Past experiences ... Dealer support ... dealer ... Good dealer ... Look at the best dealer, not the mega-dealers, they are the worst ... known quantity ... Because its all I've ever had

... I know what to expect from my local dealer and it has been positive ... Dealer support ... I purchase the farm equipment that does the best job for that particular type of operation ... dealership ... Case IH doesn't usually have the type of equipment I need ... Loyal to the service provided by my dealer ... Dealer ... Trusted dealership Quality, familiarity, dealer ... Other equipment isn't necessarily the best ... Loyalty!"

Then & Now.

Since the 2011 study, Case IH has made significant strides in improving their standing with farmers using their machines.

In 2011, only 12% of Case IH farmers said they were "sig-

Continued on page 20

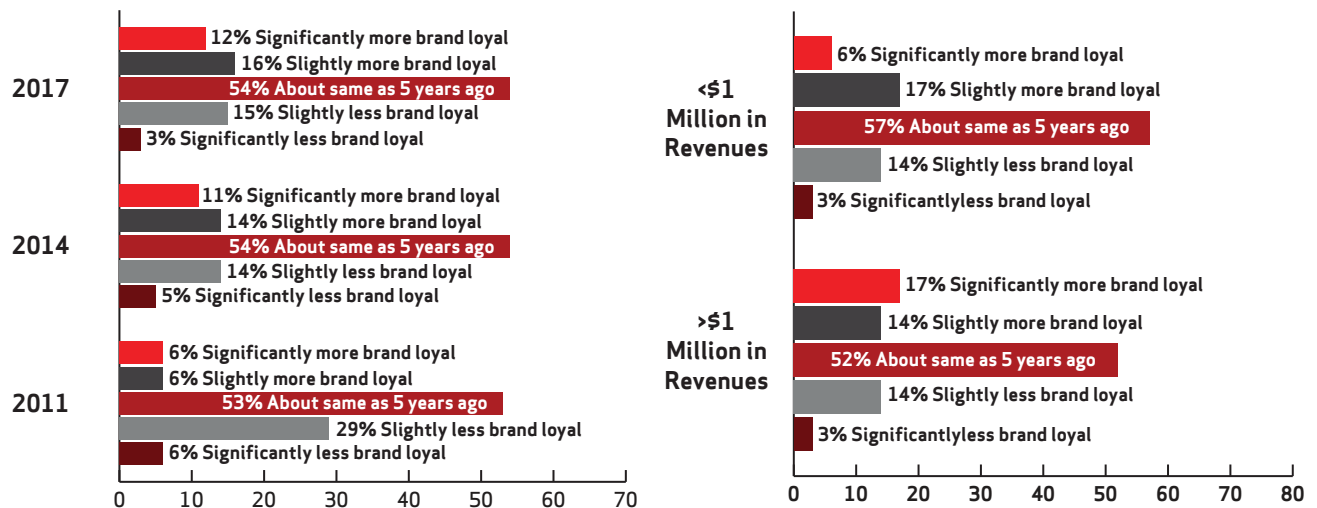
Factors Causing Farmers to Switch to Another Equipment Brand — All Case IH Farmers

2017 All Farmers Rank	2017 Rank	2017 Case IH % VI + SI*	2014 Rank
1. Better product engineering	3	62%	3
2. Better parts availability	1	81%	1
3. Better dealer repair/service	2	77%	2
4. Product specialist at dealership	4	57%	4
5. Lower equipment invoice price	7	44%	5
6. Better manufacturer warranty	6	51%	9
7. Equipment uptime guarantees/loaner programs	5	54%	9
8. Bad experience with current dealership	8	38%	7
9. Bad experience with current brand	9	33%	8
10. More attractive equipment financing	10	30%	12
11. Change in ownership of current dealership or dealer location	12	22%	10
12. Ability to consolidate buying to one dealer	11	30%	11

*rating calculated by adding percentage of farmers rating factor as "very important" plus "somewhat important"

Source: Farm Equipment survey, June 2017

Loyalty to Case IH Brand Currently vs. 5 Years Ago



Overall, 28% of Case IH farmers report to being more brand loyal compared to 5 years ago and 18% say they're less brand loyal. In 2014, 25% said they were more loyal to the Case IH brand, while 20% said they were less loyal. Segmented by annual revenues, 31% of those in the over \$1 million category say they're more brand loyal and 17% report being less brand loyal. For farmers in the less than \$1 million group, 23% are more brand loyal while 17% say they're less loyal to the brand.

Source: Farm Equipment survey, June 2017

Factors Causing Farmers to Switch to Another Equipment Brand — Case IH Farmers by Revenue Level

2017 Industry Rank	<\$1M Revenue		>\$1M Revenue	
	Rank	% VI + SI*	Rank	% VI + SI*
1. Better product engineering	3	65%	3	60%
2. Better parts availability	1	88%	2	74%
3. Better dealer repair/service	2	71%	1	83%
4. Product specialist at dealership	4	60%	4	54%
5. Lower equipment invoice price	8	46%	7	43%
6. Better manufacturer warranty	5	56%	6	46%
7. Equipment uptime guarantees/loaner programs	6	51%	5	49%
8. Bad experience with current dealership	7	49%	10	28%
9. Bad experience with current brand	9	37%	9	29%
10. More attractive equipment financing	10	34%	11	26%
11. Change in ownership of current dealership or dealer location	12	18%	12	26%
12. Ability to consolidate buying to one dealer	11	29%	8	31%

*rating calculated by adding percentage of farmers rating factor as “very important” plus “somewhat important”

Source: Farm Equipment survey, June 2017

nificantly” or “slightly” more loyal to their brand, while 35% reported being less loyal over all. The remaining 53% said they felt about the same way as they did 5 years earlier.

Those indicating they were more loyal jumped to 25% in 2014 and 28% in 2017. Some 19% said they were less loyal in 2014 and 18% in 2017. In both 2014 and 2017, 54% reported feeling about the same level of loyalty as they had 5 years previous.

When it comes to comparing Case IH farmers by revenue levels, 31% of those in the over \$1 million revenue category shared that they were more loyal in 2017 and 25% in 2014. About 17% in the last two studies report being less loyal, while 57% in the under \$1 million and 52% in the over \$1 million level report said their loyalty to Case IH was about the same as it was 5 years earlier.

Reasons to Switch.

Case IH farmers ranked “better parts availability” as the #1 reason they would switch brands, with 81% rating it as “very

important” or “somewhat important.” “Better dealer service” followed at #2 (77%) with “better product engineering,” (62%) which was ranked #1 by all farmers, occupying third place.

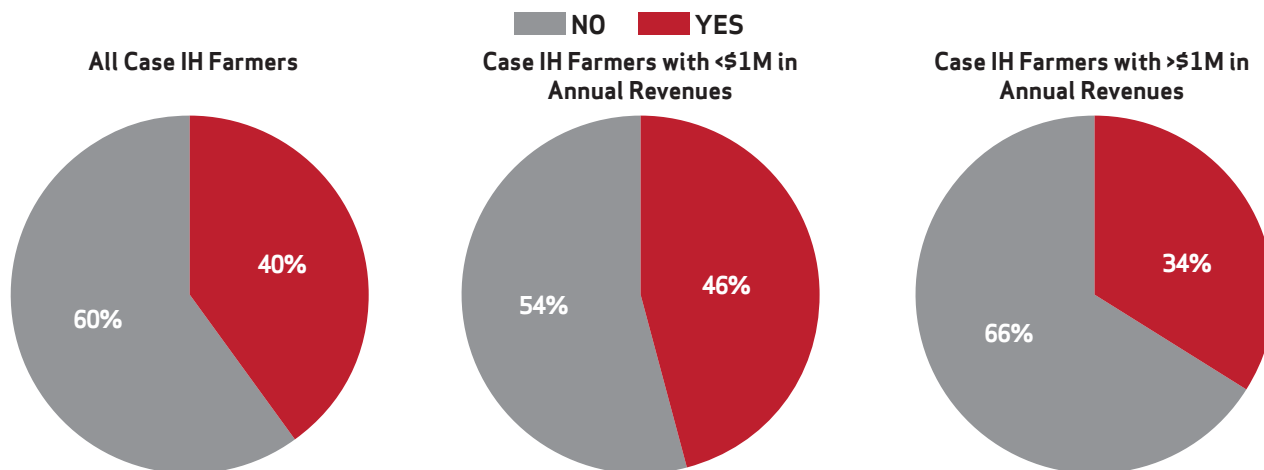
With some minor shifts, the ranking of reasons that would cause them to change equipment brands Segmented by annual revenue, Case IH farmers’ list didn’t differ significantly from that of all farmers.

Tough Ag Economy.

Would Case IH farmers consider switching brands considering the prolonged downturn in farm commodity prices? Overall, 60% said “no” and 40% said “yes.” When the responses were segmented by annual revenue, the story changed somewhat.

For Case IH farmers earning less than \$1 million in annual revenue, 54% said they would not consider changing brand in light of the current ag economy. For those producers with more than \$1 million in revenues, two-thirds, or 66%, said they would not switch brands despite the current tough ag economy.

Considering ‘Other’ Brands in Current Ag Economy?



More than three-quarters (76%) of farmers who utilize primarily Case IH equipment say they start their purchasing process by first looking at Case IH products. This is up from 66% in 2014. For farmers earning \$1 million or more in annual revenues, 80% report initially looking at Case IH equipment. For those in the under \$1 million in revenue, 71% report to starting the buying process by looking at Case IH machines.

Source: Farm Equipment survey, June 2017

Purchased Equipment Other Than Case IH Brand in Last 5 Years

Equipment Category	All Case IH Farmers Yes %			Case IH Farmers with Yes %	
	2017	2014	2011	<\$1M in Annual Revenues	>\$1M in Annual Revenues
Seeder and/or Planter	42	62	62	47	36
Tractor	22	28	31	26	19
Combine	8	10	8.3	12	3
Tillage Equipment	45	50	47	45	45
Haying Equipment	27	31	67	39	16
Spraying Equipment	39	58	62	41	38
Precision Farming Equipment	39	NA	NA	27	52

Source: Farm Equipment survey, June 2017

\$1 million in annual revenue report that they start out with the goal of purchasing Case IH-brand machinery. For those in the over \$1 million in annual revenue, 80% say it's their goal to buy Case IH products.

Purchased Other Brands.

When asked if they had bought another brand of equipment in the past 5 years, in each case, farmers

who are dedicated to Case IH-brand equipment reduced their purchases. The biggest gains came in seeders/planters and spraying equipment.

In 2014, 62% of those who described themselves as loyal to Case IH products had purchased a different brand of seeder and/or planter in the previous 5 years. This dropped to 42% in the 2017 study. When it comes to sprayers, 39% reported buy-

ing another brand in 2017. This is down from 58% in 2014.

Broken down by annual revenues, the biggest contrast came in haying equipment, where 39% of farmers earning less than \$1 million in annual revenues purchased hay tools produced by another manufacturer other than Case IH, while only 16% of the over \$1 million revenue group bought other brands of hay tools.

Case IH Farmer Comments

In addition to asking farmers, "Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer? The survey also asked them "Why?" Here's what Case IH farmers had to say.

"Final price of equipment and service ... Like where I am at ... The ability of precision products to integrate with another brand ... It will not necessarily save money in the long run ... dealer ... I have a good dealer ... Because I know my brand and how it works ... A large difference in investment would influence me ... Best price ... I guess my thoughts about the farm economy has nothing to do with brand loyalty for myself. I've decided not to purchase any equipment until things improve ... location ... Stick with a winner ... Stay with what works best."

"Dealer loyalty goes both ways. Cannot afford downtime and past experience is that when I need help, I get it ... Tighter budget need lower price on equipment ... quality of

the machine as well as resale and trade-in value and parts availability from the dealer on both counts of considering purchases ... we like the service from the current dealer ... Who has the better deal will generally get the deal ... Dealership and service ... Value is essential ... Because of corn prices ... Looking for better value ... Brand loyalty ... Looking for the best value ... I would if equipment performed better and held up better ... No major issues with what we have now ... dealer support is very important ... I believe in this brand ... I do not care for the JD dealers in this area! ... What I don't like is a manufacture lowering the quality of the equipment just to be priced lower. Customers are willing to pay price for perceived quality. A cheaper price for poorer quality doesn't make sense in any economy. Better quality will carry a farmer through until the economy improves and then they can purchase another piece of equipment ... We buy John Deere combines, but other equipment is based on other factors considered at time of purchase ... Financial situation."

John Deere: Still the Brand to Beat

As they have in the past two brand loyalty studies, farmers who said that John Deere was their primary brand of tractors and combines registered a majority of the responses. This year, 60% of the total responses came from John Deere farmers. This is up from 54% of total responses in the 2014 survey.

Overall, 77% of this group would describe themselves as “brand loyal”

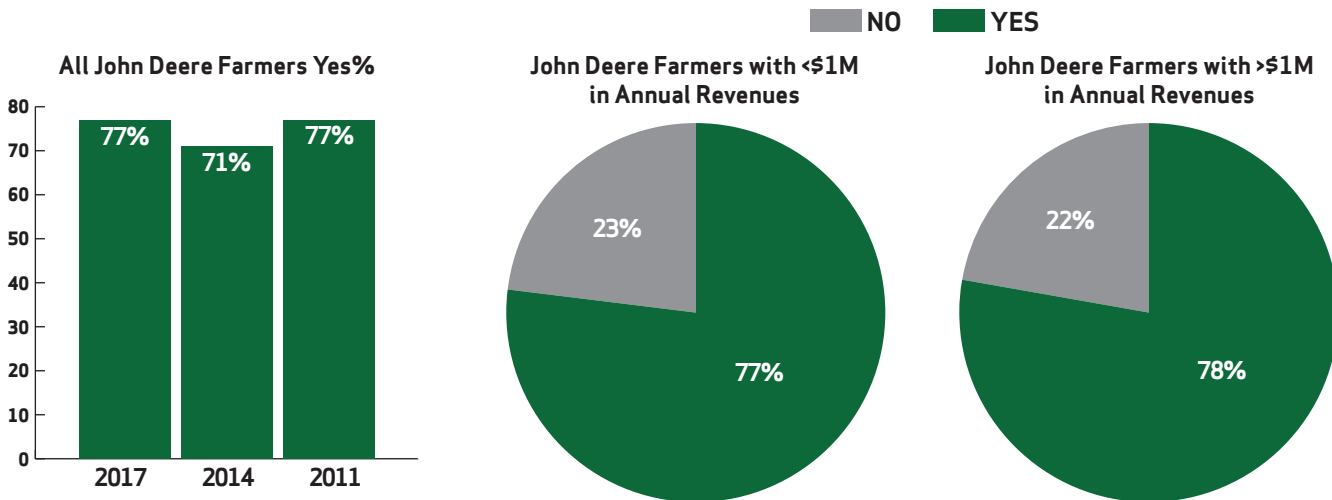
to the Deere equipment brand. This is a 6% improvement in the 2014 study, when 71% said they were brand loyal. There was almost no difference when John Deere farmer’ responses were broken down by revenue. Of those in the under \$1 million in annual revenue, 77% described themselves as “brand loyal.” For those with more than \$1 million in revenues, 78% said they were “brand loyal.”

Time to Buy.

Of all the Deere farmers in this year’s study, 84% desire to buy new equipment of the same brand as what they consider to be their primary brand. When segmented by revenue, there was a 7% difference in how the two groups of farmers started the purchase process. For those under \$1 million, 80% want to first look at Deere products. Of the Deere farmers

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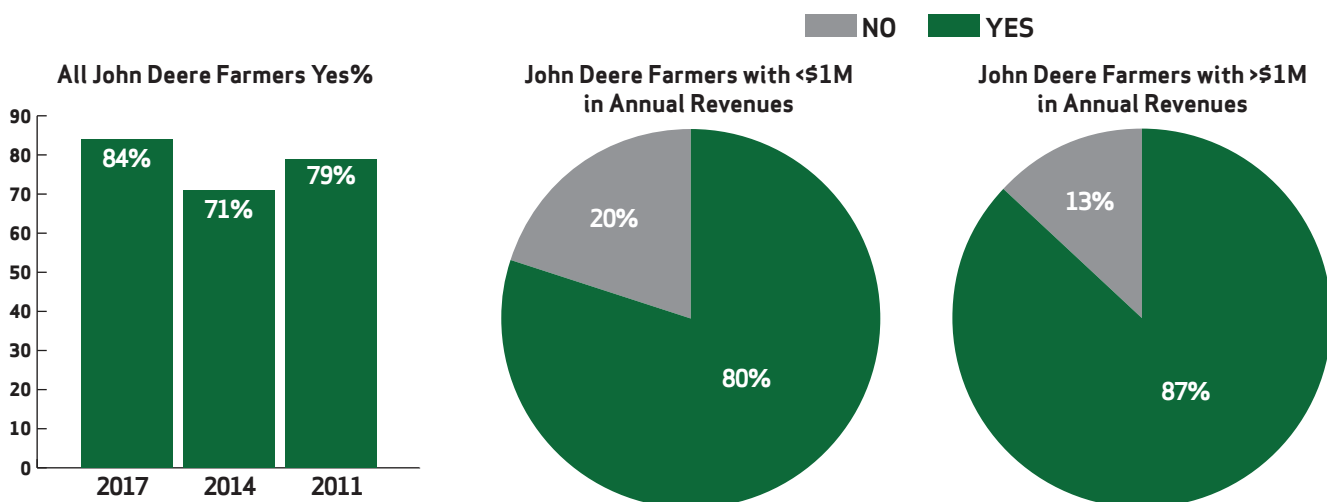
Would you describe yourself as brand loyal when purchasing farm machinery?



John Deere farmers have maintained their level of brand loyalty over the course of the three studies conducted since 2011. In the most recent, 77% of Deere farmers would call themselves “brand loyal,” which is up from 71% in 2014. When comparing these farmers by annual revenue levels there is almost no difference, with 78% of the farmers who generate more than \$1 million and 77% of those in the under \$1 million describing themselves as brand loyal.

Source: Farm Equipment survey, June 2017

Desire to Buy Same Brand as Primary Equipment in New Purchases



When initiating the buying process for new equipment, 84% of Deere farmers start first by looking at “green” equipment. For those who produce more than \$1 million in annual revenues, this number jumps to 87%, while 80% of Deere farmers in the under \$1 million level start the decision making process by first looking to John Deere equipment.

Source: Farm Equipment survey, June 2017

John Deere Farmer Comments

In addition to asking farmers, "When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?" The survey also asked them "Why?" Here's what John Deere farmers had to say.

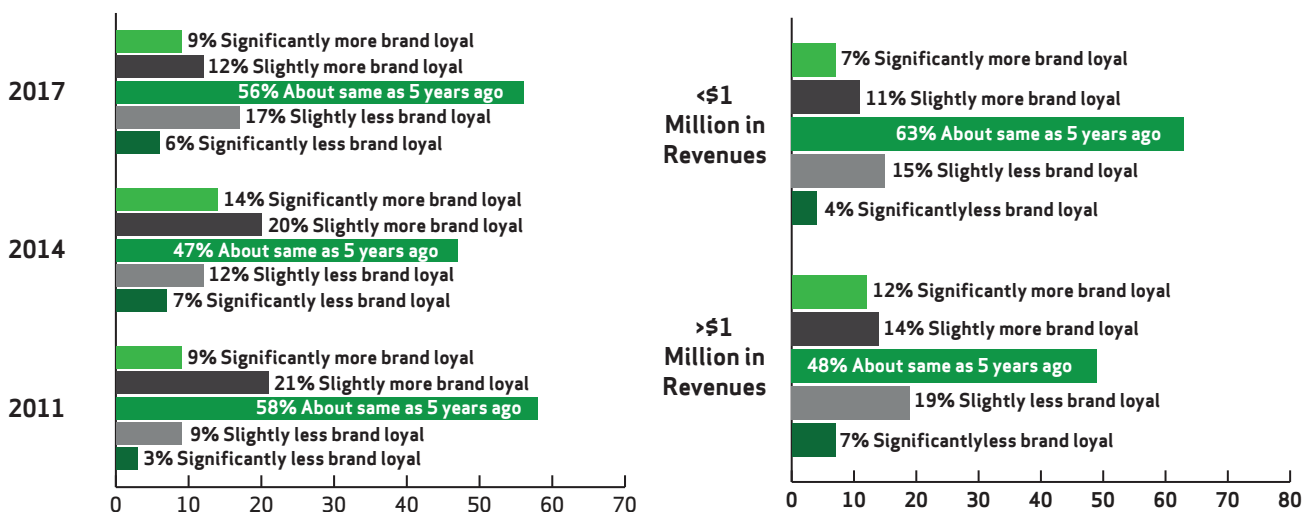
"Dealership relationships ... Not always applicable ... Customer service ... When I consider a new piece of equipment, if it is to replace an existing similar piece, I first consider whether or not the old one was 'doing the job.' If it wasn't, I research other brands for their strengths ... Quality, parts, service ... Because modern eqt is now connected by software so, you need to not be blending to get performance ... The gps equipment is all the same ... Up until just recently John Deere meant quality and the local dealers were very helpful ... Service and dealer ... I grew up on JD and have never had a reason to stray ... simple, same filters and parts ... New world. Dealers not friendly anymore ... Local service but parts are a big question and my loyalty is not as strong as it used to be ... local dealer service and location ... Dealer support with parts and service is the main reason. Resale value years down the road is another ... I look for technology and features first ... Familiar with dealer and service ... Depends on what's available at my local dealer ... Because of precision technology, planter and combine talking with each other ... good equip. The trade number makes more discount ... closeness to farm ... I like the sales, service and parts people ... In our area better service with John Deere ... Technology is more important ... Deere is the best ... Dealer is close and provides good service ... I want quality at a fair market price. The major tractor and combine manufactures are often too slow to enter the marketplace with new products ... service- quality equipment — four dealerships within 50 miles ... service by technician that knows us ... because we have had some of the other brands and are sorry when they do not work as well as Deere ... Always check price and if it is available ... best luck with the brands we use like product and how it performs ... Already do business with the company ... dealership ... Always found that it may cost more, but equipment is proven and holds resale well ... I believe it's the best, plus it's our only real option

locally ... Resale is the best ... Because of dealer close by ... Local monopoly. Service and parts issues ... Usually due to familiarity with using/operating the brand ... John Deere has had a reputation in years past of quality and longevity, but now not so much.

"I usually try to find out what other farmers are pleased with eq they have purchased ... It is what I am familiar with ... Just familiar with brand and like working with the same dealership ... Every company has strengths and weaknesses. To get right equip for your farm you need to buy different brands ... Dealer service! If there isn't a good parts and service program after the sale why buy it! ... John Deere has served us well for a lot of years and they hold their value for future resale ... dealer support ... doesn't matter if its good quality I will buy regardless of brand ... You have to have a starting point unless what your looking for is not offered by that manufacturer ... It's all about logistics. How quickly I can get parts to get things running again. I have 2 JD stores within equal distance and have gone to the JD warehouse in Milan, Ill., occasionally if the local dealers don't have the parts on hand. Other equipment dealers are significantly farther away from me ... I like JD but I need to get the most for my money ... dependable ... PARTS AVAILABILITY and dealer location ... close dealer ... I have a good relationship with the local John Deere store shop manager. That is a plus for getting things serviced ... Usually looking for a select performance or ability from a machine in my price range. Price is the driving force ... Dealer trust, convenience and service ... Equipment support, parts availability ... Stick with what you know ... the name brand does not always have what I may be looking for ... familiar with equipment ... auto guidance, etc., transfers from one to the next ... It's what we and our employees are familiar with both in operation and service ... Because of past experience, reliable, dealer support and trade-in value ... Dependable and compatible gps and similar cab/features ... But I have never purchased anything new in my life and I'm 57 ... Location of the dealerships ... We run almost equal red and green with most tractors green an two Case combines ... Reliability ... already used to it ... feel other brands of some equip. are better ... Service and parts

Continued on page 24

Loyalty to John Deere Brand Currently vs. 5 Years Ago



When asked to describe their feelings about their primary brand preference today vs. 5 years ago, 21% of John Deere farmers are more loyal today and 23% said they are less loyal. Some 56% indicate their level of loyalty has not changed in the past 5 years. In the 2014 survey, 34% of Deere farmers said they were more loyal and 19% less loyal than in the previous 5 years. About 47% reported to feeling about the same as they did previously. In the group of farmers earning more than \$1 million in annual revenues, 26% reported more loyal, while the same percentage said they were less loyal. Under one-half (47%) said they felt about the same.

Source: Farm Equipment survey, June 2017

... 40 years of dependability of life resale value and cost of ownership ... John Deere has been good to me! Very reliable equipment with excellent resell value! ... Don't want to mix up equipment. Easier service ... compatibility ... One has known experience with the brand and that is worth something ... monitor and steering are the same ... I always compare what is new vs. what I already have, I have an open mind ... Best service and parts ... I look at the best built machine for the price ... Don't buy new ... just stuck on the same name brand ... Familiar ... John Deere has always been well engineered for the most part, but probably the biggest factor is the number of dealers in the area. The only other brand that comes close is Case IH in this area ... I like the way they work and last ... Service and reliability."

Then & Now.

Compared to 5 years ago, 21% of Deere farmers said they are "significantly more loyal" or "somewhat more loyal" to Deere-branded equipment today. At the same time, 23% reported to being "significantly" or "somewhat" less brand loyal than they were 5 years ago.

This compares to 34% who said they were more brand loyal in 2014 than they were 5 years earlier. In that survey, only 19% reported being less loyal compared to 5 years before.

For Deere producer earning less than \$1 million in annual revenues, 18% they were "more brand loyal" than 5 years ago, while 19% said they were "less brand loyal." However, those Deere farmers with more than \$1 million in revenues, 26% claimed to be "more brand loyal" today and the same percentage (26%) said they were "less brand loyal" vs. 5 years earlier.

Factors Causing Farmers to Switch to Another Equipment Brand — All John Deere Farmers

2017 Industry Rank	2017 Rank	2017 John Deere % VI + SI*	2014 Rank
1. Better product engineering	3	66%	2
2. Better parts availability	1	78%	3
3. Better dealer repair/service	2	75%	1
4. Product specialist at dealership	5	53%	4
5. Lower equipment invoice price	6	53%	6
6. Better manufacturer warranty	4	54%	5
7. Equipment uptime guarantees/loaner programs	7	43%	7
8. Bad experience with current dealership	8	36%	8
9. Bad experience with current brand	9	36%	9
10. More attractive equipment financing	10	27%	12
11. Change in ownership of current dealership or dealer location	12	20%	11
12. Ability to consolidate buying to one dealer	11	23%	10

*rating calculated by adding percentage of farmers rating factor as "very important" plus "somewhat important"

Source: Farm Equipment survey, June 2017

Reasons to Switch.

The top three reasons why a John Deere customer would consider switching brands were identical regardless of revenue level. When all Deere farmers were considered, the factors that would lead them to jump to another brand were "better parts availability" at #1, "better dealer service/repair" at #2 and "better product engineering" at #3.

There was some shifting for the #4 and #5 factors. For all Deere producers, #4 reason to switch was "better manufacturer warranty" and #5 was "product specialists at the dealership." Broken out by revenue level, the #4 reason for those with less than \$1 million was "product specialist at the dealership" and #5 was "better manufacturer warranty." For those surpassing \$1 million in revenue, #4 was "better manufacturer warranty" and #5 "product specialist at the dealership."

Factors Causing Farmers to Switch to Another Equipment Brand — John Deere Farmers by Revenue Level

2017 Industry Rank	<\$1M Revenue		>\$1M Revenue	
	Rank	% VI + SI*	Rank	% VI + SI*
1. Better product engineering	3	75%	3	66%
2. Better parts availability	1	85%	1	78%
3. Better dealer repair/service	2	77%	2	75%
4. Product specialist at dealership	4	53%	5	53%
5. Lower equipment invoice price	7	45%	6	53%
6. Better manufacturer warranty	5	53%	4	54%
7. Equipment uptime guarantees/loaner programs	6	47%	7	43%
8. Bad experience with current dealership	8	44%	8	36%
9. Bad experience with current brand	9	38%	9	36%
10. More attractive equipment financing	10	26%	10	27%
11. Change in ownership of current dealership or dealer location	12	15%	12	20%
12. Ability to consolidate buying to one dealer	11	21%	11	23%

*rating calculated by adding percentage of farmers rating factor as "very important" plus "somewhat important"

Source: Farm Equipment survey, June 2017

Tough Ag Economy.

While the John Deere brand is thoroughly embedded in farmers who have been loyal to the company's iconic green and yellow equipment, regardless of annual revenue level, about one-half of Deere farmers says they would consider switching to another equipment brand in the current ag economy.

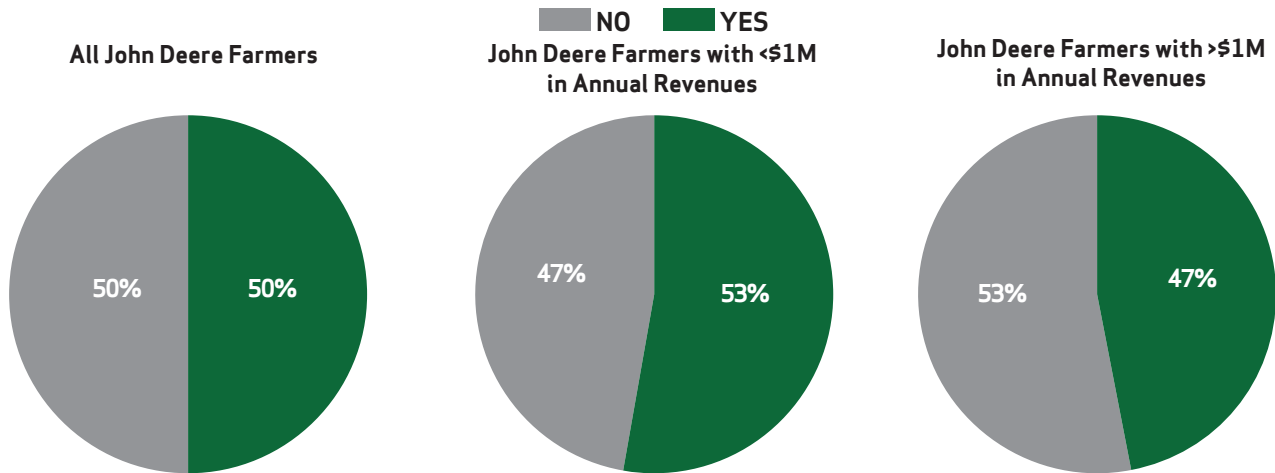
Specifically, the final question in the 2017 brand loyalty survey of farmers asked: *Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more*

willing to consider brands other than the one that you would typically prefer?

In the case of all those farmers who consider themselves brand loyal to Deere products, 49% said they would consider other brands of ag machinery. In the case of farmers with under \$1 million in annual revenue, 51% said they think about switching to other equipment. For farmers who exceed \$1 million in annual revenues, 52% indicated they would be willing to look at equipment produced by other manufacturers.

But in the end, would they switch? That's the more important question.

Considering 'Other' Brands in Current Ag Economy?



Regardless of annual revenue levels, about one-half of Deere farmers said that, considering the ongoing low commodity price environment, they would consider switching to another brand of equipment if circumstances dictated a change. Overall, and even 50% of farmers who consider John Deere as their primary brand of equipment report that they would look at other equipment. Of those farmers in the over \$1 million in annual revenue, 47% said they would consider switching, while 53% of farmers in the under \$1 million level would also look at another brand of farm machinery.

Source: Farm Equipment survey, June 2017

John Deere: Still the Brand to Beat ...Continued from page 18

with annual revenues of more than \$1 million, 87% desire to buy John Deere equipment.

Purchased Other Brands.

While Deere farmers are dedicated to the company's tractors and combines, they will step outside the

brand preference and purchase other brands of other types of equipment, most notably tillage tools. More than half of them (54%) report purchasing tillage equipment that was not branded John Deere. This is actually an improvement over the 2014 survey when 63% said they purchased

tillage products not manufactured by John Deere.

Nearly half (49%) of those with earned revenue of \$1 million or less reported buying non-Deere tillage equipment. An even larger number (58%) of those Deere farmers in the more than \$1 million revenue category purchased

Purchased Equipment Other Than John Deere Brand in Last 5 Years

Equipment Category	All John Deere Farmers Yes %			John Deere Farmers with Yes %	
	2017	2014	2011	<\$1M in Annual Revenues	>\$1M in Annual Revenues
Seeder and/or Planter	23	33	39	22	24
Tractor	21	35	21	20	23
Combine	9	13	14	7	12
Tillage Equipment	54	63	68	49	58
Haying Equipment	28	25	28	28	30
Spraying Equipment	28	58	49	30	26
Precision Farming Equipment	29	NA	NA	27	30

Source: Farm Equipment survey, June 2017

tillage tools from other manufacturers. Deere made solid improvement in all of the other equipment groups vs. 3 years ago. Still, 29% said they

bought precision farming equipment that was not produced by Deere. Nearly 30% reported that they acquired haying and spraying equip-

ment manufactured by other companies. The same basic trend held true for John Deere producers, regardless of annual revenue.

John Deere Farmer Comments

In addition to asking farmers, "Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer? The survey also asked them "Why?" Here's what John Deere farmers had to say.

"Should have parts on hand when I need them ... Have a long relationship with my current dealers. Their employees are friends and part of the our community ... The only reason for me to consider change would be better service and overall cost ... resale ... Part of the decision to buy a different brand is availability. I bought a different brand of feed mixer, hay rake and pull-type crop sprayer because they were not available from John Deere ... You get what you pay for ... Price ... I would because if the brand I prefer is 50% to 100% higher priced than some other brand I will buy the other brand that's cheaper if it is decent quality ... Price ... Your operation's bottom line comes first. If another manufacture is building a product that meets your requirement and does so at a reduced cost of ownership then you should consider it ... Would consider things such as hay rakes, hay mowers, but doubt I'd switch from JD on tractors and combines ... lower price of equipment means less brand loyalty ... I don't produce commodities ... nothing runs like a Deere ... Price is important, trying to keep equipment debt down. Have shopped online more and made a couple of purchases online. Bottom dollar ... In a depressed farm economy, the last thing is an additional risk of an unknown ... I'll go to the dealer with the best service all day long ... as more brands are becoming available and quality of other brands become better your choices are likely to be spread out over various brands ... The reliability and performance of our machinery and dealer have become even more crucial now with margins thinning ... I am happy with my current equipment/reliability ... I'm still not buying anything new or used ... Location is very important other brands are not close enough for me to switch ... Higher price. Past problems service and parts. Features simpler resale, durability, comfort ... Experience with present dealership and brand reliability ... like what we have ... Not really ... I have tried another brand of corn head and the quality and the cost of ownership is not there ... John Deere is a quality product! You get what you pay for! ... Just don't want to change brands. Not that much different in cost ... Will use equipment for a longer period of time ... Always keep an open mind. Technology always changes so one needs to be flexible ... quality always cost more ... It seems some larger manufacturers cut corners on quality but not price, where some smaller specialized companies may have higher quality products for the same price ... I would just wait to purchase so I could get what I want and need ... Price. "If price is considerably less with comparable quality I would

change ... It's not about brand, it's about price. There's just not enough money to buy new right now, period ... Quality, job performance, service and reliability are critical, no matter what the economy is ... Price ... What is more cost effective? ... I believe other manufacturers are building better equipment ... Tillage equipment has unique differences between brands and warranty isn't as important without drivetrain issues ... Price and dependable ... I'm 3rd gen to run JD and we stayed with JD back during all the other downturns in this roller coaster economy ride. I just take care of the equipment I have and will continue to use it before I'd trade it for another brand ... I try to buy the most dependable from the start ... price ... Price ... Came close to buying a different brand of swather last year, but came down to having a local dealer. I will consider other brands though because of the lack of parts. All the dealerships don't stock parts like they use too. Have to drive or wait until the next day on lots of parts ... Price ... DEALER SERVICE, parts and dealer location ... My local dealer has been beside me through good times and bad. When things are tough for the grain farming economy, they are for the equipment dealerships also. A good dealership such as mine is willing to do what they can to help their customer and keep them loyal. It goes both ways ... value at trading time ... Because the price of the other brand of equipment might be a lot less ... Price, technology advances ... No Kubota. Bad experience ... You have to pay for it whether corn is 3 or 5 dollars ... Not in the market ... Service and parts are always critical considerations. Often times short line dealers do not have the inventory or knowledge to repair this late model equipment. As a note manufacturers no longer build for long term use. All they build for is the new buyer and the used buyer has to contend with what's left. This is partly why used equipment has fallen so badly on resale value ... We use mostly J.D. equipment and all J. D. tractors ... I tried off brand equipment (Agco). The initial lower price was very much offset by poor resale value retention. Additionally, dealer support and institutional knowledge was a large problem. I am sticking with John Deere and Case IH from here on out ... willing to buy used of what I want instead of new at dealer ... I would be somewhat hesitant to go with another brand as I have been burned before ... Auto-steer/precision equipment doesn't work well from one brand to the others ... we just tend to run what we have longer and repair more if needed rather than trade ... Would probably buy used instead of new ... Service is still the number 1 factor in purchasing equipment ... Reliability, and resale value ... Resale of Green Paint is strong here ... Price ... poor time to change equipment with down markets ... Local monopoly ... With the decline in commodity prices I am not willing to purchase equipment from anyone/brand. They are all priced at \$7.50 corn, \$15 beans and \$3 lb. feeder calves. This simply has to change."

New Holland: No Gain, No Loss

Compared to the first brand loyalty study in 2011, New Holland has made great progress in cementing the allegiance of their farm customers. In that year, only 44% of farmers who considered New Holland as their primary brand of equipment said they were loyal. That grew by 19%, to 63% who declared themselves “brand loyal” in 2014. And that’s where it remains today, according to the results of Farm Equipment’s 2017 survey.

Based on annual revenue — less

than or more than \$1 million — there was no difference with 63% reporting they are brand loyal and 37% saying they are not brand loyal.

Time to Buy.

When New Holland farmers begin their buying process, 69% say their desire is to buy New Holland equipment. This is up from 63% in 2014 and 38% in 2011.

For those annual revenue under \$1 million, 63% report that their pref-

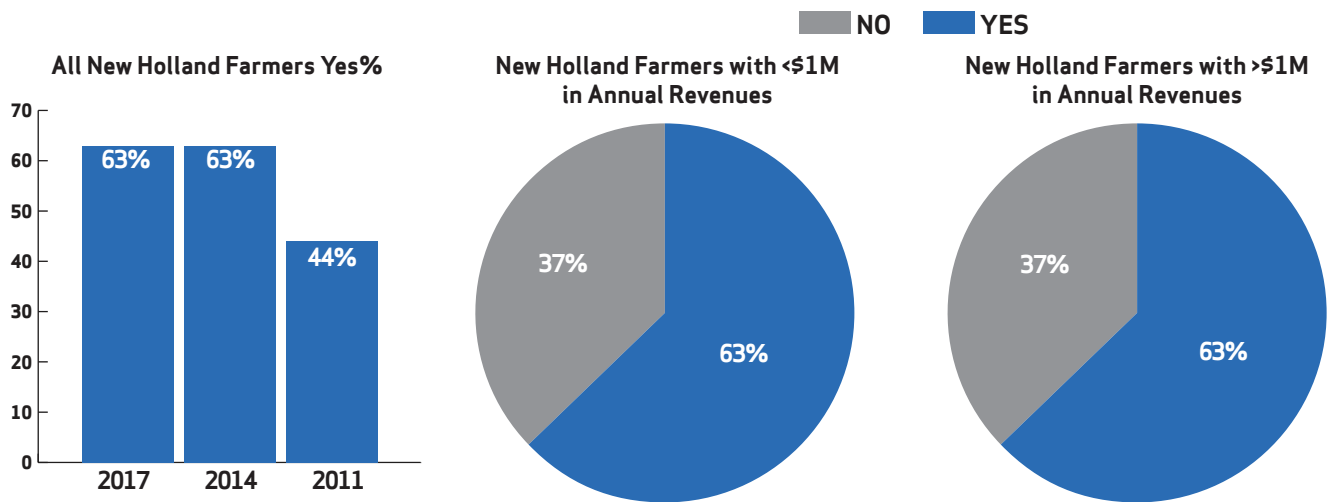
erence is to purchase equipment from New Holland, but for farmers with revenues of more than \$1 million annually, 75% start their decision making by first looking at the company’s products.

Purchased Other Brands.

When it comes to its customers purchasing equipment made by other manufacturers, New Holland gained some ground and lost some

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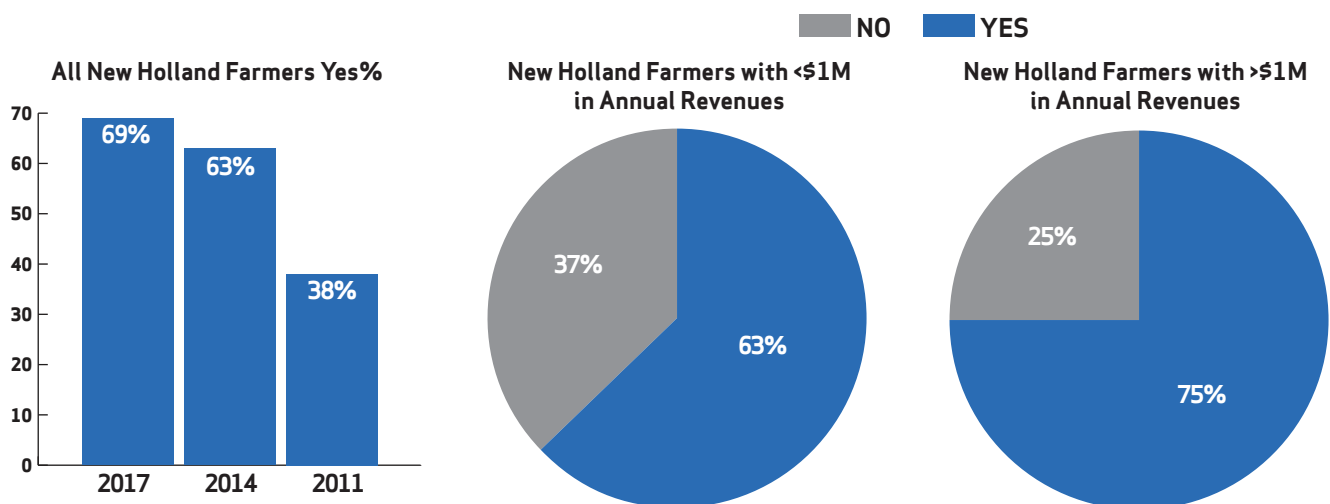
Would you describe yourself as brand loyal when purchasing farm machinery?



The level of loyalty to New Holland-branded equipment held steady at 63% in 2017 compared with 2014, when 63% of the company’s customers described themselves as “brand loyal.” Breaking it down by annual revenue, the percentages did not change.

Source: Farm Equipment survey, June 2017

Desire to Buy Same Brand as Primary Equipment in New Purchases



When New Holland farmers initiate their purchasing process, 69% of them indicate that they want to buy New Holland products. This is up from 63% in 2014. Broken out by annual revenue, 75% of those in the \$1 million or more category say their desire to buy New Holland products, while 63% of farmers in the under \$1 million level say they first look at New Holland equipment.

Source: Farm Equipment survey, June 2017

New Holland Farmer Comments

In addition to asking farmers, “When you purchase new (not used) farm equipment, do you begin the process with the desire to purchase the same brand as your tractor/combine?” The survey also asked them “Why?” Here’s what New Holland farmers had to say.

“Dealer, familiarity ... durability and easy of operation ... Know how it works, monitors, etc. ... color doesn’t make the difference ... Parts and filters interchange with some of the equipment. Employees know who they are dealing with ... They have been the same or better in different areas, basically the same or more advanced in technology, less expensive to buy, same or better service, normally less expensive parts and repairs ... Have great relationship with New Holland dealer ... Looking for best piece of equipment regardless of brand.”

Then & Now.

Five years ago, 25% of New Holland farmers indicated they are “more brand loyal” than they were 5 years before that and the same percentage said they were “less brand loyal.” The 2017 survey revealed that 23% of these farmers say they are “more brand loyal” vs. 5 years ago and 17% feel “less brand loyal.” In the 2011 study, only 11% said they were “more brand loyal” and 22% said they were “less brand loyal.”

When broken out by revenue levels, of those in the under \$1 million group, 13% say they are “more brand loyal,” while 12% indicated they were “less brand loyal.” The remaining 75% say they feel “about the same” as they did 5 years ago.

On the other hand, 33% of the New Holland farmers who generate \$1 million or more in annual revenues report being “more brand loyal” and 22% say they are “less brand loyal” than they were 5 years ago. The remaining 45% indicate they feel “about the same” as they did.

Reasons to Switch.

While, as a whole, all farmers ranked “better product engineering” as their #1 reason to switch brands, this factor placed

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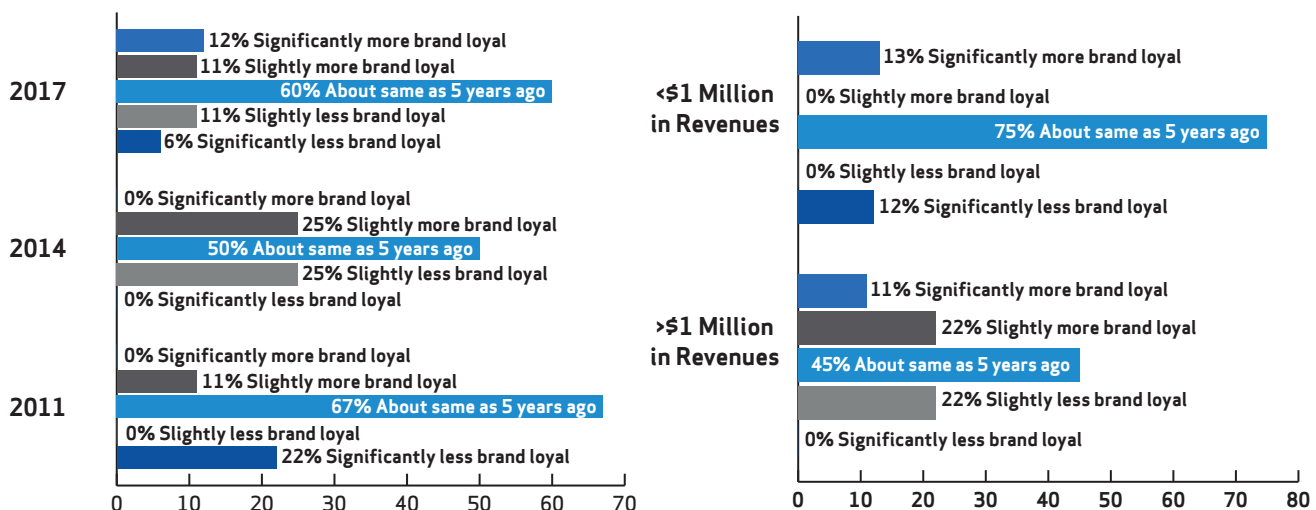
Factors Causing Farmers to Switch to Another Equipment Brand — All New Holland Farmers

2017 Industry Rank	2017 Rank	2017 New Holland % VI + SI*	2014 Rank
1. Better product engineering	3	69%	4
2. Better parts availability	1	81%	1
3. Better dealer repair/service	2	75%	2
4. Product specialist at dealership	7	47%	3
5. Lower equipment invoice price	4	63%	9
6. Better manufacturer warranty	5	56%	5
7. Equipment uptime guarantees/loaner programs	9	39%	6
8. Bad experience with current dealership	6	50%	7
9. Bad experience with current brand	8	44%	10
10. More attractive equipment financing	10	26%	12
11. Change in ownership of current dealership or dealer location	11	25%	8
12. Ability to consolidate buying to one dealer	12	19%	11

*rating calculated by adding percentage of farmers rating factor as “very important” plus “somewhat important”

Source: Farm Equipment survey, June 2017

Loyalty to New Holland Brand Currently vs. 5 Years Ago



In the 2017 study, 23% of New Holland farmers say they are more loyal to their brand than they were 5 years earlier and 17% indicate they are less loyal. The remaining 60% report feeling about the same as they did 5 years ago. For the farmers in the over \$1 million in annual revenues group, 33% say they are more loyal to New Holland, while 22% say they are less loyal. About 13% of the farmers in the under \$1 million mark say they are more loyal today vs. 5 years earlier and 12% say they are less loyal. A big majority, 75% indicate they feel about the same as they did previously.

Source: Farm Equipment survey, June 2017

Purchased Equipment Other Than New Holland Brand in Last 5 Years

Equipment Category	All New Holland Farmers Yes %			New Holland Farmers with Yes %	
	2017	2014	2011	<\$1M in Annual Revenues	>\$1M in Annual Revenues
Seeder and/or Planter	75	57	67	63	86
Tractor	33	25	50	38	29
Combine	13	29	17	13	14
Tillage Equipment	69	57	50	63	75
Haying Equipment	20	43	29	25	14
Spraying Equipment	50	71	57	75	50
Precision Farming Equipment	50	NA	NA	25	75

Source: Farm Equipment survey, June 2017

ground compared to the results of the 2014 study.

Their gains came in combines along with haying and spraying equipment. In 2014, 29% of New Holland farmers reported purchasing other brands of combines. This fell to 13% in the most recent study. More than 40% said they bought hay tools produced by other equipment makers. This fell to 20% in 2017. When it comes to spraying equipment, 71% reported purchasing other brands of sprayers in 2014, while 50% said they bought liquid application equipment from other suppliers.

The company’s biggest drop offs came in seeding/planting equipment as 75% of New Holland farmers acquired this equipment made by other manufacturers vs. 57% in 2014. Surprisingly, 33% said the acquired tractors that were not branded New Holland in the 2017 study, which is up from 25% three years earlier. With tillage tools, nearly 70% admit to purchasing equipment not manufactured by New Holland and this compares to 57% in 2014.

When annual revenue is considered, the biggest difference came with spraying equipment and seed-

ers/planters. For New Holland farmers in the less than \$1 million category, 75% say they purchased another brand of sprayer, while of those in the higher revenue level, 50% report buying a sprayer from some company other than New Holland.

There was also a significant difference in seeding/planting machines. For those in the less than \$1 million category, 63% purchased other manufacturers’ equipment, while 86% of those in the more than \$1 million revenue level bought another brand of seeders/planters.



New Holland Farmer Comments

In addition to asking farmers, “Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer? The survey also asked them “Why?” Here’s what John Deere farmers had to say.

“I am satisfied w what I am using now ... would not because of experiences with other brands prior ... Whoever has the best deal! ... actually more expensive ... Availability of parts and product. Would change on used equipment first ... Price is more important now than in the past ... Would not consider another brand at this time ... \$.”

Factors Causing Farmers to Switch to Another Equipment Brand — New Holland Farmers by Revenue Level

2017 Industry Rank	<\$1M Revenue		>\$1M Revenue	
	2017 Rank	% VI + SI*	2014 Rank	% VI + SI*
1. Better product engineering	2	63%	3	75%
2. Better parts availability	1	75%	1	88%
3. Better dealer repair/service	3	63%	2	88%
4. Product specialist at dealership	7	43%	7	50%
5. Lower equipment invoice price	5	50%	4	75%
6. Better manufacturer warranty	4	50%	5	63%
7. Equipment uptime guarantees/loaner programs	9	29%	8	50%
8. Bad experience with current dealership	8	38%	6	63%
9. Bad experience with current brand	6	50%	9	50%
10. More attractive equipment financing	10	14%	10	38%
11. Change in ownership of current dealership or dealer location	11	13%	11	38%
12. Ability to consolidate buying to one dealer	12	0%	12	38%

*rating calculated by adding percentage of farmers rating factor as “very important” plus “somewhat important”

Source: Farm Equipment survey, June 2017

#3 with New Holland producers. Dealership issues topped the list with “better parts availability” as #1 and “better dealer repair/service” coming in at #2.

Rounding out the top five reasons New Holland farmers would consider switching brands were “lower equipment invoice price” at #4 and “better manufacturer warranty” at #5.

In fact, the #1 reason to switch equipment brands — “better parts availability” — was the same across the board, even when segmented by annual revenue levels.

But then some minor swapping of reasons showed up. For those New Holland producers earning \$1 million or less revenue, the #2 reason was “better product engineering” and #3 was “better dealer repair/service.” These were flip flopped for the growers in the more than \$1 million in revenue category.

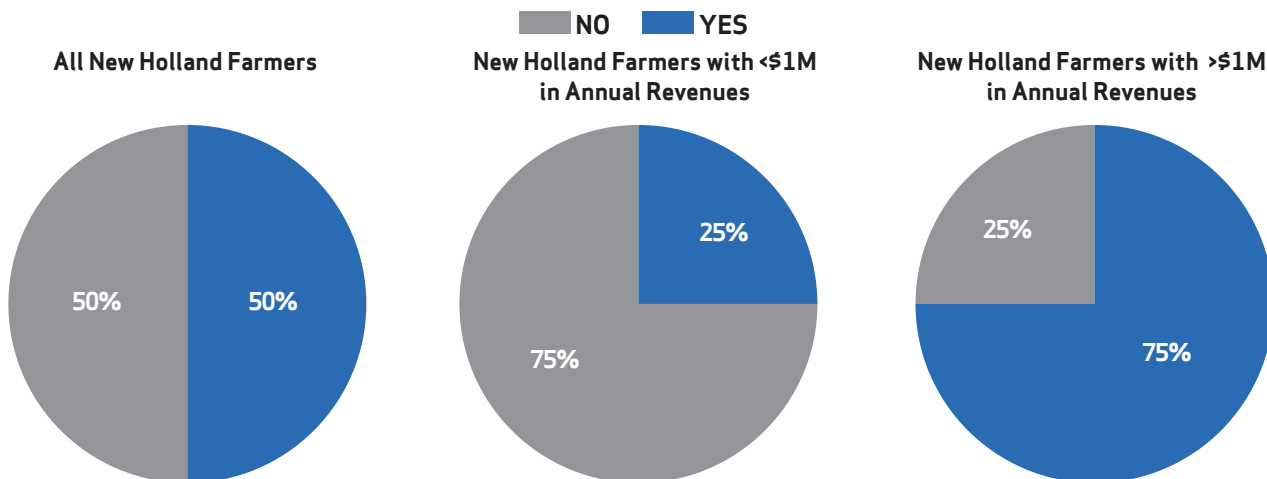
Tough Ag Economy.

Probably the most curious parting of ways for New Holland farmers based on annual revenues came when they were asked: Considering the decline in commodity prices during the past few years, has your attitude toward equipment purchases changed in that you are more willing to consider brands other than the one that you would typically prefer?

For the group generating less than \$1 million in revenues, only 25% said “yes” they would consider another brand in the current ag economy, while the remaining 75% say “no,” they would not.

The exact opposite was the case for New Holland producers in the \$1 million or more in annual revenues, where 75% indicate they would consider switching brands in the current low commodity price environment. The rest, 25%, say they would not consider other brands of farm equipment.

Considering ‘Other’ Brands in Current Ag Economy?



In the current low commodity price market, one-half (50%) of New Holland farmers report that they would consider another brand given the circumstances. But when segmented by annual revenues, the New Holland farmers could hardly be farther apart. Of those in the over \$1 million category, only 75% would consider switch equipment brand, while the exact opposite is true of those in the under \$1 million group.

Source: Farm Equipment survey, June 2017

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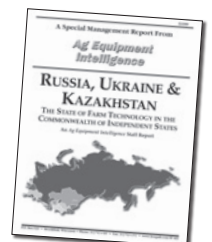
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