

SIZING UP YOUR MARKETING ADVISORY PROGRAM

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Executive Summary

- Crop marketing is frustrating to some farmers because of volatile and unpredictable prices
- Market advisory services often are viewed as a source of help
- Farmers need to objectively assess their own marketing performance to determine the need for help
- Average price of corn received by Illinois farmers was not in the top third of the price range in any year over the past nine years
- Average price of soybeans received by Illinois farmers was in the top third of the price range only once in the past nine years
- The average price received by farmers exceeded the average market price twice for corn and four times for soybeans in the past nine years
- Select a market advisory service based on performance, consistency, marketing style, and communication skills
- From 1995-2003, the average performance of advisory services studied was in the top third of the price range 17 percent of the time for corn and 18 percent of the time for soybeans
- The average price of these same services out performed the average marketing price in three of the past nine years for corn and 6 of the past nine years for soybeans
- Over the nine years, advisory services received an average price for corn \$.01 below the market price and \$.08 above the average farm price
- Over the nine years, advisory services received an average price for soybeans \$.09 above the market price and \$.01 below the average farm price
- Only one advisory service for corn and one for soybeans received an average price in the top third of the price range in more than three of the past nine years
- Only two services for corn and two services for soybeans were among the top five performers in more than four of the past nine years
- Evidence suggests that past price performance is not a good predictor of future price performance
- Marketing style varies considerably across advisory services
- "Active" styles tend to generate higher average prices, but also introduce more risk

