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Selling Service

THE FERTILIZER INDUSTRY has problems. They come in all sizes, shapes, and colors. Many of the knottier ones were discussed last month in Washington, by a panel of industry experts who spoke at the annual meeting of the Agricultural Research Institute. Their observations are published in this issue of AG AND FOOD, beginning on page 812.

As outlined by these industry leaders, fertilizer manufacturers' problems may be classified as technological or engineering problems, research and development problems, or business problems. But virtually all of them could be described as economic; failure to solve any one of them perpetuates a drag on the industry's profits. And as one of the ARI speakers observed, the financial health of the fertilizer industry is "not very robust."

Shortly after the ARI meeting, we had occasion to discuss fertilizer industry problems with another expert of long experience. We asked him why fertilizer manufacturers don't make more money. His answer ran, not too surprisingly, something like this: In the industry's early days, when competition for sales of synthetic fertilizers began to develop, each fertilizer salesman tried to convince farmers that his particular product was better than any other available. Those who actually did have superior products generally tried to keep secret the ingredients or other reasons for superiority. This did little to generate confidence on the part of consumers. Salesmen whose products were about the same as anyone else's were soon tripped by their own claims for superiority. When their goods failed to bring repeat sales through better performance, these salesmen resorted to price cutting in an effort to keep their sales up. If only those early salesmen had tried sincerely to help farmers—had offered technical assistance instead of high-pressure sales tactics—this business would undoubtedly be in much better shape today.

We do not doubt in the least that such tactics were the source of many of the industry's present headaches; there is plenty of evidence that such tactics still come into play at times when the going gets rough. But we do doubt that such an approach ever did or ever will solve any problem for fertilizer producers.

The sad part of all this is that the farmer, who supposedly should be benefiting from the lower prices, in most cases suffers just as much from the practice of price cutting as does the fertilizer manufacturer or mixer. For price concessions are reflected not only in lower profits for the fertilizer industry, but also in reduced service to the user.

And alert farmers know it. That point was driven home forcefully at the ARI meeting by a southern seed grower. Already using sizable amounts of fertilizer, and a potential user of much more, this grower is stymied by lack of technical service. He wants the fertilizer industry to show him how best to profit from more intensive fertilizer use. Admitting that he likes to buy fertilizer at an attractively low price, this user declared unequivocally that he would gladly trade price cuts for service. He would willingly part with more dollars for the product, if along with the product he could get adequate information and technical assistance.

There is no good reason why such service cannot be supplied. But it can hardly be part of a fertilizer "package" on which the profit margin has already been cut to the bone. And breaking the price-cutting habit requires will power. It calls for a shift in emphasis in the selling approach, and stern resistance to demands from buyers now well conditioned to the price-cutting approach.

But service can be sold as an alternative to price concession. We've seen it done. We know of several who have tried it and found it profitable. So far, at least, we know of *no one* who has given it a fair trial and found it wanting.